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San Francisco Bay Area

Housing Needs Determinations

September 1988

Association of Bay Area Governments


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September 1988

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San Francisco Bay Area Housing Needs Determinations

Summary

Housing needs determinations for the Bay Area must, by law, be completed by July 1, 1989. ABAG staff propose that the Executive Board make such determinations at the September 15 meeting. This would start a 90-review period during which local governments could change their share of the regional need for housing under a process specified by law. The Executive Board would then have 60 days to accept or reject city or county revisions — at the Board's January 19 meeting.

Housing needs determinations for the San Francisco Bay Area are proposed in a report prepared by the ABAG staff. This report was prepared to meet the requirements of State law. The following are highlights of the report:

- On January 1, 1988 the housing vacancy rate was 3.58% — slightly better than the 1980 rate of 3.4% but still below an acceptable level to promote mobility and provide choices for those seeking affordable housing.
- A regional vacancy goal of 4.5% is set, and the *existing housing need*, associated with this goal, is about 21,000 units above that produced between 1981 and 1988. This represents an unmet demand for affordable housing throughout Bay Area jurisdictions.
- The Bay Area is expected to have 2.4 million households by 1995. The region needs to add another 210,000 housing units between 1988 and 1995 to accommodate the expected growth.
- Also needed are about 9,000 units associated with a market vacancy rate for new households.
- Roughly one third of the region's local governments (39 out of 106) are also called upon to alter existing housing policies to encourage production needed to house workers for jobs being planned in those communities. A regional goal is suggested to house up to 50% of the difference between the growth in Bay Area jobs and the growth in the region's labor supply.
- To reduce jobs-housing imbalances in the region, about 48,000 units are needed in the 39 communities — only 18 of which are called upon to house 50% of the difference between the growth in local jobs and the growth in the local labor supply.

- The other 21 jurisdictions were in the past better defined as “bedroom” communities providing job center communities with a needed labor supply. But today these communities too must provide more housing for the needed labor supply to fill jobs being planned. Otherwise, the Bay Area’s local governments will be imposing a larger burden of their housing needs on non-Bay Area communities for the job levels they are planning.
- The total *projected housing need* for the Bay Area is 288,000 units.
- Each city’s and each county’s share of the regional housing need is distributed by four income categories, as required by State law. This distribution seeks to avoid further “impaction” of communities with relatively high concentrations of lower-income households. Each community is expected to plan for a more equitable distribution of housing opportunities — more like the region as a whole — for households of all income levels.

San Francisco Bay Area Housing Needs Determinations

1. Introduction

State legislation enacted in 1980 (Chapter 1143, Statutes of 1980; AB 2853) requires the Association of Bay Area Governments and other councils of governments in California to determine the existing and projected regional housing needs for persons at all income levels. ABAG is also required by the law to determine each city's and each county's share of the regional need for housing.

Each council of governments shall determine the existing and projected housing need for its region.

Each locality's share of the regional housing need shall also be determined by the COG.

The local shares of regional housing needs are to be considered in the process of updating the housing elements of local general plans. State law requires that all local housing elements in the Bay Area be revised to conform to the provisions of law by July 1, 1990. To enable local governments ample time to incorporate new determinations of local shares of the regional housing need, ABAG will make its determinations in 1988–89 based on the following schedule:

- Initial determination of regional housing need — September 15
- 90-day review period ends — December 13
- Final action on local government revisions by ABAG Executive Board — January 19

This report responds to the requirements of AB 2853 for the nine-county Bay Area. It describes a methodology to estimate existing and projected housing need, which is consistent with the specific statutory requirements. Chapter 2 of the report describes the methods for calculating regional housing need and shows how the specific statutory factors are considered. It estimates the existing and projected need for the region in accordance with law, and determines cities' shares of those needs. Shares of the

— **Government Code
Section 65584 (a)**

regional housing needs are also determined for each unincorporated area in the nine counties.

A city or county may revise its share of the regional housing need based on available data and accepted planning methods.

State law provides a 90-day period for county boards of supervisors and city councils to consider the determinations of local shares of the regional housing needs contained in this report. A jurisdiction's share of the regional housing need may be revised by the affected city or county, using accepted planning methods and available data. ABAG is required by subsection (c) of Section 65584 of the Government Code to accept each revision or "indicate, based on available data and accepted planning methodology, why the revision is inconsistent with the regional housing need." ABAG's acceptance or rejection of a local government's revision is to take place within 60 days of the revision. The revision process is more fully described in Chapter 3.

The COG must either accept the revision, or reject it if inconsistent with regional housing needs.

In September the Executive Board will be asked to approve housing needs determinations, beginning the required 90-day review period. During the review period, ABAG staff members will be available to consult with member governments, and assist in determining whether revisions are appropriate. Where a revision is based on available data and accepted planning methodology, the staff will recommend acceptance by the Executive Board.

**— Government Code
Section 65584 (c)**

Appendix B contains a model resolution local governments may use in adopting revisions; the key feature of this resolution is that local government revisions are adopted effective December 13, 1988. This will permit the Executive Board to consider all local government revisions concurrently at its January Board meeting.

San Francisco Bay Area Housing Needs Determinations

2. Housing Needs Determinations

Existing need is calculated for 1988, and projected need for the 1988–95 period.

Methods used to calculate housing need are generally those used in previous ABAG housing need determinations.

This chapter contains the determinations required of ABAG by provisions of State law. It also summarizes the methods used to estimate regional housing needs for the San Francisco Bay Area, and shares of those needs for the nine counties and the 97 cities.

The report presents the **existing need** for 1988 for housing in the Bay Area, and each community's share of that need. It also shows the **projected need** for the seven-year period from 1988 to 1995. Bay Area local government housing elements must be revised by July 1, 1990, and State law requires that they cover a five-year period with specific programs designed to address the identified housing need. Therefore, the projected need is calculated for two time periods: 1988–90 and 1990–95. As required by law, the projected need is allocated to each city and county (for the unincorporated areas) in the region, and is also allocated by four income categories: very low, low, moderate and above moderate.

The methods used in this report are generally consistent with those used by ABAG to determine housing needs under AB 2853 in 1981–82 and in 1983 [see ABAG's *Housing Needs Report*, December, 1981, and its report *Housing Needs Determinations*, December, 1983]. They are not exactly the same, however.

The 1981–82 report used complicated formulas to compensate for outdated information (which tends to be less reliable) and because of the unavailability of the full 1980 Census data. The 1983 report was based on ABAG's *Projections 83* and 1980 Census data not available for the 1981–82 process. The 1983 report, therefore, used less complicated formulas for the calculations. *For this report, the formulas are adjusted where necessary to account to a differing base year and projection period.* In addition, interpretation of the requirements of state law has changed. The projected

need also incorporates adjustments to account for the new interpretations. The formulas and data sources are summarized in this chapter, and are fully described in the technical materials of Appendix A.

The tables in this chapter include the housing needs determinations. Preceding each table is a description explaining how to interpret the numbers. The chapter also presents summary information of changes in the Bay Area's housing situation since 1980, and of changes in State law relating to the housing needs determinations process. This provides the context for the approaches ABAG staff used to prepare this report.

State law prescribes the general process for determining regional housing needs — but not the methods.

Statutory Requirements

Although State law does not precisely define regional housing need, the basic ingredients of the regional housing needs determination process may be inferred from the provisions of Section 65584 of Article 10.6 of the Government Code. First, this section provides that:

...a locality's share of the regional housing need includes that share of the housing need of persons at all income levels within the area significantly affected by the jurisdiction's general plan.

This is interpreted to mean that ABAG is to calculate the existing housing need for each city as it is geographically determined (that is, with its existing boundaries) on the initial date of the forecast period.

Housing needs determinations are based on statutory factors set forth in Government Code Section 65584.

The **existing need** is determined as of January 1, 1988. The **projected need** is determined for a later point in time (through 1995), when the boundaries of a city may have changed. In this case, the projected need is calculated for the sphere-of-influence or urban-service-area territory for each city consistent with boundaries used in ABAG's *Projections 87*.

ABAG's determination of the existing and projected regional need for housing, and the local shares of such need, must also meet the requirements of State law. This means ABAG must take into account six factors

specified in subsection (a) of Government Code Section 65584:

- *Market demand for housing*
- *Employment opportunities*
- *Availability of suitable sites and public facilities*
- *Commuting patterns*
- *Type and tenure of housing*
- *Housing needs of farmworkers.*

ABAG forecasts there will be more than 2.4 million households in the region by 1995. At least 210,000 more housing units will be needed just for new households.

The Government Code also requires that the distribution of regional housing needs “...seek to avoid further impactation of localities with relatively high proportions of lower income households.”

Once ABAG has completed the determination of regional housing needs, the Department of Housing and Community Development may revise this determination to obtain “consistency” with the statewide housing need. The section **Potential Revisions by HCD** at the conclusion of this chapter discusses whether such a revision is likely.

Local governments rely on sustained economic activity. Development of more housing is essential to the region’s economic and social future.

Market Demand for Housing — ABAG has not prepared detailed housing market analyses for the region. However, *Projections 87* contains extensive information about the demand for housing. The realized demand for housing is a function of the growth in households projected for the region. It can also be ascertained from housing value trends and income/affordability analysis. These factors influence the estimates of housing supply needed—as well as the potential to realize housing demand in the form of incomes sufficient to cover the costs of shelter. For purposes of this report, market demand is defined by the formulas used to produce estimates of the vacancy needed (and therefore housing units needed) to accommodate the present and forecast population levels (see section on **Existing Housing Need**).

The Bay Area's local governments should not count on adjacent counties to supply the region with the bulk of its new workers.

Viewed in aggregate, current local government development policies will not house the labor supply needed for jobs currently being planned for the region.

Employment Opportunities — ABAG's determination of the distribution of regional housing needs is required by law to consider employment opportunities. ABAG's *Projections 87* formally considers the interaction of population, employment and household forecasts. Projected household growth is consistent with the projections report. However, the projections report also raises the question whether — in aggregate — local government policies or actions that encourage job growth and minimize housing production conflict with the need to generate a labor supply. It is already apparent that the growth in jobs is outstripping the growth in the labor supply.

More housing will be necessary if there is to be a labor supply sufficient to sustain a healthy economy in the region. The distribution of regional housing needs based on the projected household growth partially reflects the demand for employment opportunities in the region through the 1990s. However, it is not sufficient to plan only for the household growth in *Projections 87*. ABAG's projections imply substantially more workers will be needed to sustain the future economic growth than will be available under existing housing policies.

If the economy is to expand at a moderate pace, a major fraction of the labor supply will need to come from non-Bay Area counties throughout the projection period (through 2005). But this report calls for Bay Area local governments to address a higher level of household growth consistent with the need for an adequate labor supply to meet the job expectations of their local economies. This in turn will reduce — but not eliminate — the pressures for housing development outside the region. This interpretation is consistent with the requirement of State law that local governments "cooperate" with each other and with the State in addressing housing needs. It is also consistent with California Attorney General's Opinion 87-206, which calls for councils of governments to consider local government zoning to accommodate a higher level of residential development than existing local policies (see discussion following).

State housing law has as its “primary purpose” expanding the housing opportunities for Californians of all economic levels.

“Allowing a city or county to prevent being allocated a share of the regional housing needs through restrictive zoning ordinances would be contrary to the manifest intent of the Legislature.”

– California Attorney General’s Opinion 87-206

Availability of Suitable Sites and Public

Facilities — Similar to changes in employment opportunities, ABAG’s projections take into account availability of land for residential purposes. Based on a review of local plans and other available planning studies, suitable sites and facilities are available in the region to accommodate the household growth shown in *Projections 87* through 1995. Where such sites and facilities may not be available, ABAG’s projections already take these constraints generally into account. Infrastructure constraints (e.g., planned but not completed expansion of water and sewerage services) affect the timing of household growth (generally postponing it into a later five-year period in the projections).

Specifically, *Projections 87* assumes direct use of local policy survey data (data regularly collected from local governments about policies, plans and regulations affecting development) for the period 1980–95. In several communities, however, the potential housing supply as determined by local policies is insufficient to accommodate projected household growth in the 1995–2005 period.

In addition, in September, 1987, the California Attorney General’s office issued Opinion 87–206, which in part addressed whether councils of governments such as ABAG should (as part of the consideration of regional housing need) consider only the existing zoning of local governments for residential development. The opinion (included in this report as Appendix D) concluded:

...The availability of suitable housing sites must be considered based not only upon the existing zoning ordinances and land use restrictions of the locality but also based upon the potential for increased residential development under alternative zoning ordinances and land use restrictions [emphasis added].

The opinion further concluded:

*This report
contemplates a
higher level of
residential
development for the
1988–95 period
than that shown in
ABAG’s household
projections.*

*Communities
adding jobs faster
than housing
should plan for
higher levels of
housing to
accommodate the
labor supply
associated with
planned jobs.*

We find no indication in section 65584 that current zoning ordinances and land use restrictions are to limit the “availability of suitable sites.” A housing site would be unsuitable based on its physical characteristics, not because of some governmental control of an artificial and external nature. The planning process...contemplates an identification of adequate sites that could be made available through different policies and development standards.

State law requires that the determination of regional housing need be based on, among other things, “available data.” So, in preparing this report, ABAG staff has chosen to use available data on employment growth and labor supply, and to associate additional needs for residential development with differences in growth of jobs and employed residents. There is no indication that the State intended that COGs develop alternative zoning ordinances and other local government development regulations for individual communities, and then prepare household forecasts based on such alternative policies. This report, however, adequately addresses the need to consider the potential for a higher level of residential development than contemplated by existing local development policies. The subsection on *Alternative Zoning Regulations* in the section entitled **Projected Housing Need** discusses this issue in greater detail.

Commuting Patterns — Assumptions about the regional transportation system and associated measures of transportation accessibility are key features of ABAG’s projections. The projections process explicitly allocates households and employment considering such factors as commuting flows by mode (automobile and transit) and assumptions about residential and employment choices. These interactions are described fully in ABAG reports on the Projective Optimization Land Use Information System (POLIS) model and in ABAG’s *Projections 87*.

The projections assume a single improved and integrated regional transit and highway system will be operational by 1995; probable additions and changes to facilities and services existing in 1985 reflect assumptions by the staff of the Metropolitan Transportation Commission (MTC). A key assumption is that programs to improve the efficiency of the existing system and plans requiring limited capital expenditures are more likely to be realized than extensive system expansions. MTC's 10-year development plan also does not include every anticipated transportation improvement — such as safety improvements or minor arterials.

As part of the projections and modeling process, highway and transit assumptions are translated into estimates of peak period service levels by transportation facility type. These level of service estimates are in turn translated into estimates of travel time from location to location. Such measures of accessibility become key factors in the allocation of housing compared to job locations.

In general, the effect of “commuting patterns” on the determination of regional housing needs is best measured by differences between job creation and the availability of labor supply (in households). The projected need includes provisions for accommodating a greater number of households in the region than the level of households projected for the region in *Projections 87* for the period 1988–1995. In part, the projected need is based upon the need to reduce inflationary housing market costs, provide an adequate labor supply to sustain the Bay Area's economy, and reduce the growth in long-distance commuting that affects air quality and other environmental resources.

Type and Tenure of Housing — ABAG, in making its determinations of regional housing needs, is required to consider type of housing (i.e., single- and multiple-family and mobile homes) and tenure of housing (i.e., owner and renter).

Single-family housing units represent the largest proportion of the housing stock in every Bay Area county except San Francisco.

In 1980, about 44% of the region's households were renters. Tax return data suggests there has been little change for the region as a whole since then.

Type of Housing — Data used in this consideration was derived from the Federal Census of 1980. In preparing its housing needs determinations in 1983, ABAG's initial determinations included tables showing the distribution of projected housing need by type, assuming that the relative distribution of housing would be approximately that of the 1980 Census distribution. The intent of including these tables was to suggest that local governments examine the relative change in housing type between 1970 and 1980 to determine if different percentages should be used in local housing elements.

Because including these tables in the last report seemed to imply that ABAG was "requiring" that the projected housing need be distributed according to the 1980 distribution, the Executive Board directed in its final actions on the 1983 housing needs determinations report to delete these tables to avoid this misinterpretation. Housing types must be addressed in each local government housing element. The regional housing needs determinations do not insist that the existing distribution of housing by type be maintained; it would be inappropriate to do so. The ABAG staff believes it more important to ensure that vacancy rates specifically reflect tenure considerations and not housing units by type (see discussion below).

Consideration of housing types is essential, however, in addressing how the distribution of housing need by income category will be achieved in individual communities, and should be addressed in local housing elements.

Tenure of Housing — In determinating the existing and projected need for housing, ABAG staff used the 1980 percentages of owner and rental housing by jurisdiction for each county in the region and its cities. The proportions of owners and renters are used specifically in the formulas to calculate the needed vacancy rates and thus the existing and projected housing need. ABAG considers housing tenure explicitly in the calculations that lead to its determinations of housing need. The ABAG staff does

Formulas to determine existing housing need explicitly use tenure in determining the needed vacancy rates in each community.

not, however, propose that the Executive Board adopt a regional determination of housing need by tenure.

It is desirable as a general policy that the availability of rental housing should not decline in the region. The projected need could be distributed to at least maintain the percentage of rental stock in each community that existed in 1980. Inclusion of tables to show the projected housing need by tenure in this report might imply that ABAG is “requiring” that the projected housing need be distributed according to the 1980 distribution of rental and owner housing. Since this would be an incorrect interpretation, the ABAG staff proposes that the Executive Board’s determinations not include such tables. This action would be consistent with the final determination of regional housing need in 1983.

Local government housing elements are required to specifically address housing tenure. Census data on tenure has previously been made available to cities and counties by ABAG.

Housing Needs of Farmworkers — Later in this chapter, an analysis of farmworker housing need is made. The general conclusion of this analysis is that there is no *regional* need for additional farmworker housing in the Bay Area. Any localized needs for seasonal farmworker housing should be addressed in individual housing elements of cities and counties.

Housing Problems in the Bay Area

The San Francisco Bay Area is soon to be the country’s fourth most populous metropolitan area. As a large metropolitan region, it has wide disparities in housing condition, housing values and household incomes. The development of an adequate supply of affordable housing continues to be one of the most intractable problems facing the Bay Area.

The policy issue facing the region is not one of encouraging or discouraging growth. Public policy must be reality-based. Local government directives or actions that encourage job production and minimize housing production (whether because of voter initiatives, land constraints, or the economics of providing public services) are creating an environment that could seriously affect the overall regional economy and, in the long-term, their own financial health. If local governments seek not to produce or accommodate housing, then they also need to reduce the development potential for job growth. Failure to plan carefully for growth in jobs without simultaneously planning for growth in housing can only mean a seriously handicapped economy, urban sprawl and environmental degradation.

A vacancy goal for the region is set at 4.5% compared to the 1988 vacancy of 3.58%.

Vacancy Rates — In 1975 about 4.7% of the region's housing supply was vacant. As the region's population increased between 1975 and 1980, only 9 housing units were added for every 10 new households seeking shelter. When the 1980 Census was taken, the region's vacancy rate had declined to 3.4%. The methodology in this report attempts to provide the region with a higher vacancy rate (a goal of 4.5% is set for the region).

The 1983 ABAG housing needs determinations found the existing need for the Bay Area to be 31,602 housing units. Had this number of units been available in the Bay Area, prices and rents would have increased more in line with changes in household incomes between 1970 and 1980. Those seeking housing in the region would have had a similar range of choices in numbers and price ranges of units available in 1980 as in 1970. Vacancy rates under these conditions would have ranged from 3.6% in Contra Costa County to 4.9% in Napa County. Actual vacancy rates were considerably lower, ranging from 1.5% in Napa County to 3.3% in San Francisco.

ABAG also determined the projected housing needs for each jurisdiction in the region for the decade 1980 to 1990. The projected housing need for the region based on *Projections 83* and the vacancy rates

mentioned above was 313,787 additional housing units to be built between 1980 and 1990. Of these, only 267,353 units have been built.

Put simply, production levels of the past few years will not provide enough housing to meet future needs. More aggressive actions will be needed.

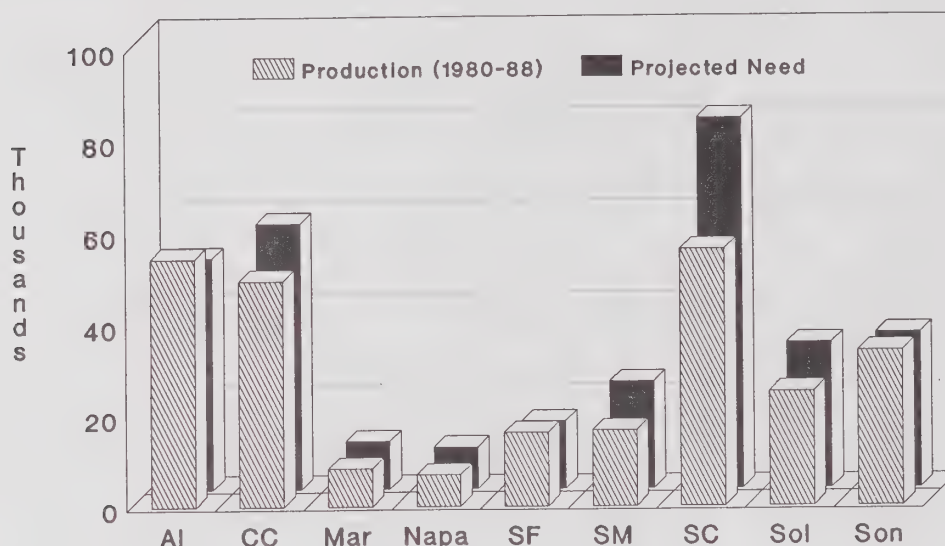
Table 1 and Figure 1 compare the projected need for each county with the housing units built there since 1980. Only two of the nine counties — Alameda and San Francisco — have built more units than the housing needs projected in December 1983. While two years remain in the decade, production levels are probably insufficient to achieve the housing needs determinations made in 1983.

As of January 1, 1988, the Bay Area had 2,289,374 housing units, and 2,207,458 households, according to estimates made by the California Department of Finance. This means a regional vacancy rate of 3.58%, only slightly higher than the 1980 level and well below the 1975 level. Despite new housing construction, the Bay Area's housing stock is still inadequate.

Housing Types — DOF data also show differences in the housing stock by type. DOF data permit changes in housing by type to be measured between 1983 and 1988. In 1988 all nine counties of the region have a smaller proportion of single-family homes than they had in 1983. Still, single-family homes account for the largest proportion of the housing stock in all counties except San Francisco, which also has a significantly greater share of renters than owners. Housing units by type for 1983 and 1988 are summarized by county in Tables 2 and 3.

Trends in Housing Value and Incomes — There is a direct relationship between a constrained supply and the problem of affordable housing. Figure 2 shows the changes in the Bay Area's Consumer Price Index (used roughly to illustrate income) and the median value of housing over the same time period calculated by the Real Estate Research Council of Northern California. When housing values rise faster than the cost of other goods and services and incomes, it becomes more and more difficult for young families and individuals entering the work force to find

Figure 1. Housing Units Added Compared to Regional Need



Sources: ABAG, California Department of Finance

TABLE 1 1980-88 PRODUCTION OF HOUSING UNITS COMPARED TO NEED

<u>COUNTY</u>	<u>PROJECTED NEED*</u>	<u>PRODUCTION</u>
ALAMEDA	50,814	54,458
CONTRA COSTA	58,217	49,517
MARIN	10,518	8,348
NAPA	9,198	6,970
SAN FRANCISCO	14,833	16,158
SAN MATEO	23,499	16,628
SANTA CLARA	80,756	56,221
SOLANO	31,932	25,048
SONOMA	34,020	34,005
TOTAL	313,787	267,353

* Based on December 1983 *Housing Needs Report* consistent with *Projections 83*. Later ABAG projections show higher levels of household growth, hence the need would be higher.

TABLE 2
SUMMARY OF 1983 HOUSING BY TYPE

<u>COUNTY</u>	<u>SINGLE FAMILY DWELLINGS</u>	<u>% OF TOTAL</u>	<u>MULTIPLE FAMILY DWELLINGS</u>	<u>% OF TOTAL</u>	<u>MOBILE HOMES</u>	<u>% OF TOTAL</u>
ALAMEDA	272,933	59.8	177,778	38.9	5,821	1.3
CONTRA COSTA	194,428	73.7	63,402	24.0	6,058	2.3
MARIN	63,881	67.6	29,007	30.7	1,579	1.7
NAPA	29,143	70.9	7,692	18.7	4,283	10.4
SAN FRANCISCO	111,326	34.9	207,508	65.0	243	0.1
SAN MATEO	153,703	64.9	80,437	33.9	2,804	1.2
SANTA CLARA	316,820	65.1	152,917	31.4	17,218	3.5
SOLANO	65,643	73.1	20,555	22.9	3,608	4.0
SONOMA	94,597	73.5	25,454	19.8	8,739	6.7
REGION	1,302,474	61.5	764,750	36.1	50,353	2.4

TABLE 3
SUMMARY OF 1988 HOUSING BY TYPE

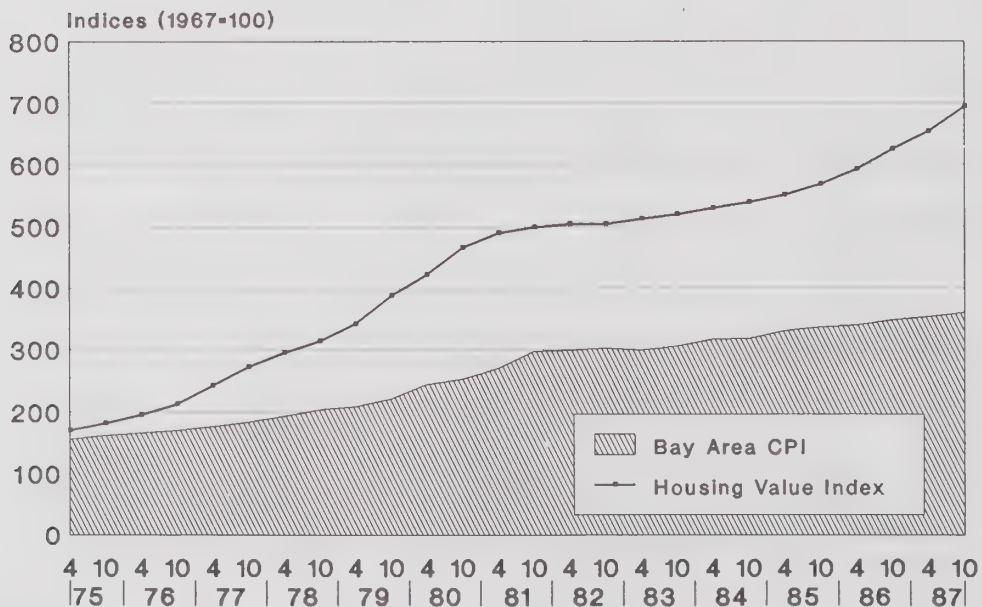
<u>COUNTY</u>	<u>SINGLE FAMILY DWELLINGS</u>	<u>% OF TOTAL</u>	<u>MULTIPLE FAMILY DWELLINGS</u>	<u>% OF TOTAL</u>	<u>MOBILE HOMES</u>	<u>% OF TOTAL</u>
ALAMEDA	291,228	59.2	195,258	39.7	5,785	1.1
CONTRA COSTA	217,232	72.9	74,384	25.0	6,184	2.1
MARIN	66,117	66.9	30,951	31.3	1,690	1.8
NAPA	30,702	69.5	8,875	20.1	4,585	10.4
SAN FRANCISCO	111,759	34.3	213,365	65.6	243	0.1
SAN MATEO	158,356	64.1	85,769	34.7	2,885	1.2
SANTA CLARA	333,113	63.5	174,660	33.3	16,932	3.2
SOLANO	76,556	71.0	27,590	25.6	3,745	3.4
SONOMA	108,675	71.8	32,993	21.8	9,742	6.4
REGION	1,393,738	60.9	843,845	36.9	51,791	2.2

SOURCE: DOF

housing, particularly near their jobs. If these trends continue, the greater the likelihood the Bay Area will suffer more serious economic setbacks than those of the past.

Inflationary trends in housing costs translate into higher labor costs and affect the production and distribution of jobs. It affects incomes and the competitiveness of industries. It affects environmental quality because it means longer commutes for workers seeking more affordable housing. These combined factors will affect the economic health of the region by adversely affecting the ability of the economy to sustain job growth for all types of occupations.

**Figure 2. Home Values Outpace Inflation
1975 to 1987**



Sources: Bureau of Labor Statistics; Real Estate Research Council of Northern California

About one-third of the region's lower-income homeowners overpay for homes.

More than two-thirds of the lower-income renters overpay for shelter.

Overpaying — According to State law, a lower-income household that pays more than 25% of its income for housing is living in unaffordable housing. The household is “overpaying” for housing. California’s definition of “overpaying” is more sensitive to questions of affordability than the federal government’s. The federal threshold to measure overpaying is 30%. Customarily, household incomes are divided into four categories: very low-, low-, moderate-, and above moderate-income. Each category corresponds to a proportion of the region’s household income distribution. The lower-income distinction includes both the very low- and low-income categories, and represents households with incomes up to 80% of the regional median household income.

The 1980 Census reported a regional median household income of \$20,607, so lower-income households were those with an income of \$16,486 or less. As part of the analysis of existing housing needs, it is useful to highlight the proportions of lower-income renter households and owner households that overpay for housing.

Table 4 describes the proportions of renter and owner households overpaying for housing by county. About 70% of lower-income renter households overpay for housing in the region; about 32% of lower-income owner households overpay. Tables C–1 through C–8 in Appendix C show the results of the determinations of proportions of households overpaying for housing in each jurisdiction.

These figures are not used in ABAG’s calculations of housing need, but they clearly indicate the extent to which a large number of existing households in the Bay Area pay more of their incomes for shelter. To the extent that more housing can be built in the region beyond the level associated with accommodating new households, it will dampen the upward pressure in rents and housing prices faced by most households in the region.

TABLE 4
LOWER-INCOME HOUSEHOLDS OVERPAYING FOR HOUSING

<u>COUNTY</u>	<u># OF LOWER INCOME HOUSEHOLDS OWNING</u>	<u># OF LOWER INCOME HOUSEHOLDS RENTING</u>	<u># OF LOWER INCOME HH OVERPAYING (OWNERS)</u>	<u># OF LOWER INCOME HH OVERPAYING (RENTERS)</u>	<u>LOWER INCOME OWNERS OVERPAYING</u>	<u>LOWER INCOME RENTERS OVERPAYING</u>
ALAMEDA	105,585	127,971	22,282	89,063	21 %	70 %
CONTRA COSTA	34,621	45,238	14,181	31,710	41 %	70 %
MARIN	9,575	18,119	4,159	13,575	43 %	75 %
NAPA	6,690	8,020	2,233	5,385	33 %	67 %
SAN FRANCISCO	32,252	122,865	9,609	85,004	30 %	69 %
SAN MATEO	26,868	45,430	11,259	34,879	42 %	77 %
SANTA CLARA	46,505	88,780	19,506	60,709	42 %	68 %
SOLANO	13,221	19,815	5,500	11,968	42 %	60 %
SONOMA	23,273	27,135	8,111	18,852	35 %	69 %
REGION	298,590	503,373	96,840	351,145	32 %	70 %

Source: 1980 Census; ABAG

***Serious problems of housing
affordability continue to affect large
numbers of Bay Area households.***

Changes in State Law Since the 1983 Determinations

Since ABAG's last determinations, State law affecting regional housing needs has changed in several respects. First, the determinations of regional housing need, and individual communities' shares of such need, are no longer subject to provisions of the California Environmental Quality Act.

State law now specifically forbids a council of governments from considering in its determinations a local government ordinance that restricts the number of residential building permits that may be issued annually. A local government is not allowed to use such an ordinance as a justification for reducing its share of the regional housing need. This prohibition was established by enactment of Chapter 1684 of the Statutes of 1984.

California's housing element law was reviewed by the courts in Buena Vista Gardens Apartments Association v. City of San Diego Planning Department [175 Cal. App. 3d 289, 1985]. In this case, the court found that the housing element law requires local jurisdictions to conform to mandatory requirements of the statute. The "substantial compliance" standard enunciated by the courts in Bownds v. City of Glendale [113 Cal. App. 3d 875, 1980] no longer applies to scrutiny of the housing element. Instead, the courts will now examine whether local jurisdictions' housing elements are in "actual compliance" with the requirements of State law.

Finally, California's Attorney General's office, in an opinion described earlier in this chapter, has interpreted the regional housing needs determinations process. ABAG's previous housing needs determinations conformed to the requirements enunciated by the opinion, except in one respect. Previous determinations did not examine the potential for higher levels of residential development than contemplated by then-current zoning ordinances of cities and counties in the region. This requirement is

addressed separately as part of the process of calculating the projected need for housing (see below).

Housing Needs Determinations

ABAG staff in 1981 designed a methodology for calculating the **existing** and **projected** housing need as required by State law. The State's housing element law does not specify accepted planning methods for calculating regional housing needs. Little guidance has been available from the State Department of Housing and Community Development.

The methodology used by ABAG to calculate regional housing need relies on available information. The formulas specifically address the requirements of Section 65584 of the Government Code. Changes in vacancy rates and in housing values and rents are used as indicators of market demand. Household projections are based on consideration of employment opportunities, commuting patterns, and the availability of sites for development in the region. Tenure (owner and renter proportions) is used in the formulas.

A full description of the methodology for calculating housing need is contained in Appendix A. The basic approach is summarized below:

1) **Available housing** — The amount of housing in a jurisdiction available for permanent, year-round occupancy is defined as "available." The formulas measure change in the available housing stock in each jurisdiction from 1981 to 1988.

2) **Housing costs to income ratios** — Rates of increase in median housing values and median rents are compared to increases in incomes.

3) **Vacancy** — A housing market needs to have enough vacant housing units at a point in time (in this case January 1) to provide a range of choices in numbers and price ranges for those seeking shelter in the area. The actual vacancy rate is calculated for each jurisdiction.

4) **Regional vacancy goal** — A goal of 4.5% is used for the housing need calculations.

5) **Optimal vacancy rate** — Each jurisdiction's available vacancy rate is adjusted using the calculations summarized by 1) and 2). The rate is designed to move the supply of housing toward equilibrium with demand.

6) **Existing housing need** — The difference (expressed in housing units) is shown between the number of units actually available in the jurisdiction and the number that "should" have been available, calculated from the "optimal" vacancy rate. If the 1988 available stock were increased by the calculated need, the market would have been nearer to a balance between housing supply and demand. A balanced housing market depresses inflationary pressures that reduce housing affordability.

Existing Housing Need

The "existing need" for the region (calculated from changes occurring between 1981 and 1988) totals 20,958 units. If that number had been added to the supply of 2,289,374 units in the Bay Area in 1988, the regional vacancy rate would have been 4.5% rather than the 3.58% calculated from Department of Finance data.

Each Bay Area local government should include a statement of its existing need in the local housing elements, when revised according to the schedule established in State law (by July 1, 1990).

Projected Housing Need

Projected housing need means the number of units needed to accommodate the growth in households for the jurisdiction's planning area (as reflected in ABAG's projections). This number also includes the number of units calculated as the "existing need," and, where applicable, the number of additional housing units to accommodate a greater share of the local labor supply than expected under the current ABAG projections.

Household Growth

The Department of Finance estimates that there were 2,207,458 households in the region on January 1, 1988. Between 1988 and 1995, ABAG forecasts a growth of 210,381 households in the Bay Area. To accommodate household growth, 240,175 housing units will need to be built. This figure includes the existing need of 20,958 units — considered an unmet demand for more affordable housing at a time when households were not formed because of housing costs, and measured by low vacancy rates. It also includes 8,836 units needed to provide a greater proportion of vacant units in the region, and hence more choices in the overall housing market, where current vacancy rates are too low to promote mobility and greater affordability.

Alternative Zoning Regulations

Another component of the projected housing need is associated with the potential in the region for “increased” residential development under alternative zoning ordinances and land use restrictions. As interpreted by the California Attorney General’s office, ABAG is required to consider the potential need for residential development under local government policies (e.g., zoning ordinances or other land use restrictions) that *differ* from those currently in place. It is the opinion of the Attorney General’s office that:

The required consideration and evaluation of zoning changes necessary to meet the identified needs of the community would be precluded by allowing existing zoning limitations to define what housing sites are “suitable.”

Local governments are to consider the removal of governmental constraints to the production of housing (presumably to meet housing needs identified for the community) as part of the process of updating their local housing elements.

Therefore, in preparing this report, ABAG staff has considered the potential for producing higher levels of

residential development than that projected during the 1988-95 time period. *Projections 87* clearly states that levels of housing production above those contemplated by local government policies will be needed to sustain the regional economy.

Between 1985 and 2005, the Bay Area is expected to add more than 1 million new jobs. But the labor supply associated with housing production and household growth is only slightly more than 850,000. Even with more individuals working in the labor force, nearly 163,000 workers or 117,000 households will have to commute into the Bay Area due to Bay Area housing constraints and Bay Area job opportunities, unless current trends for the region are changed.

For this report, ABAG staff has defined the projected need associated with the requirement that ABAG consider “alternative zoning.” This definition is a regional goal:

To expand the supply of Bay Area housing in those communities adding substantially more jobs than accommodating the housing needs for the workers. A regional need exists for such communities to house up to 50% of the difference between the growth in local jobs and the growth in the local labor supply.

Thirty-nine of the region’s 106 jurisdictions are planning to have substantially more jobs (greater than 500) between 1988 and 1995 than workers will be housed there. Additional jobs are understandably sought as a direct response to the fiscal effects of Proposition 13 and other tax measures constraining local government resources. Not to plan for additional housing needed for the required labor supply, however, while seeking new jobs, will, among other things, adversely affect the operation of the region’s transportation system. It will also worsen the housing situation in the Bay Area, and over the long term will affect the regional and localized economies.

Some local jurisdictions are adding jobs because they have historically been “bedroom” communities

housing people who work elsewhere nearby. Many of these communities are responding to the need to improve their fiscal condition and to provide revenues to provide services desired by their residents. The methodology used in the report still contemplates a higher projected housing need for these 21 jurisdictions, but is reduced to compensate for local actions to overcome the historic imbalance between employed residents and jobs.

The region needs to add 47,753 housing units to reduce the growing imbalance between job growth potential and labor supply growth. *This additional housing need is shown in Tables 5–12 under the heading “Alternative Zoning Projected Need.” This heading does not mean that, in every single case, existing zoning ordinances must be modified to accommodate the projected need. It does imply a higher level of residential development than contemplated in ABAG’s projections for the 1988–95 period.* In some cases, a higher level of residential development could be accommodated merely by altering the timing of when infrastructure would be provided to land designated for development. In other cases, it might mean identifying specific in-fill development sites, or by designing programs to better identify housing stock additions (e.g., uncounted second-units). In still others, the need associated with “alternative zoning” could be accommodated with no change in local government policy but with different strategies of encouraging needed development of affordable housing. The “alternative zoning” heading simply shows that ABAG unequivocally addressed the language of the Attorney General’s opinion. Addressing this regional need would reduce (although it would not eliminate) the contradiction implied by development policy expectations that jobs can be added without provisions for an adequate housing supply to meet the labor force requirements.

Therefore, the total projected regional housing need for the period 1988 to 1995 is 287,928 units.

The ABAG staff recognizes that many communities may find it difficult to “meet” the projected housing need identified in this report. Local housing elements, and local programs adopted by local governments, are not required to “meet” the identified housing need. But State law does require a sustained and serious attempt to address housing needs. Meeting a community’s identified housing needs may exceed the community’s abilities to design or finance local housing programs, especially those to assist lower-income households. Interest rates and other market conditions obviously influence what can be achieved by the private sector. How much can be achieved in a particular community will also depend on the willingness of neighborhood and other community groups to recognize the housing needs of the region, and the potential consequences on the economy and the quality of life if — as citizens of the region — we fail to do so.

Tables 5–12 present the existing and projected housing needs for each jurisdiction. The projected housing need is presented separately for two time periods (1988-90 and 1990-95) to facilitate incorporation into local housing elements. Where applicable, the projected need also incorporates a projected need associated with “alternative zoning,” as described — with all the caveats — above.

Following these tables, this chapter presents information leading to the determination of regional housing need by income category, as required by State law.

TABLE 5
EXISTING AND PROJECTED HOUSING NEEDS
ALAMEDA COUNTY AND CITIES

JURISDICTION	EXISTING NEED	1988-90 PROJECTED NEED	1990-95 PROJECTED NEED	ALTERNATIVE ZONING PROJECTED NEED	TOTAL PROJECTED NEED
ALAMEDA	1,295	1,457	956	441	2,854
ALBANY	6	6	80		86
BERKELEY	349	555	333	1,142	2,030
DUBLIN	0	1,479	1,912		3,391
EMERYVILLE	12	404	361		765
FREMONT	730	730	6,925	496	8,151
HAYWARD	89	1,435	7,299		8,734
LIVERMORE	291	291	1,666	582	2,539
NEWARK	25	275	562	1,019	1,856
OAKLAND	1,180	2,389	4,349	2,136	8,874
PIEDMONT	22	22	7		29
PLEASANTON	56	56	2,297	1,194	3,547
SAN LEANDRO	179	672	1,753		2,425
UNION CITY	308	1,066	890		1,956
Subtotal	4,542	10,837	29,390	7,010	47,237
Co. Remainder	1,122	1,618	1,272	0	2,890
COUNTY TOTAL	5,664	12,455	30,662	7,010	50,127

TABLE 6
EXISTING AND PROJECTED HOUSING NEEDS
CONTRA COSTA COUNTY AND CITIES

JURISDICTION	EXISTING NEED	1988-90 PROJECTED NEED	1990-95 PROJECTED NEED	ALTERNATIVE ZONING PROJECTED NEED	TOTAL PROJECTED NEED
ANTIOCH	130	761	5,582		6,343
BRENTWOOD	9	173	1,732		1,905
CLAYTON	71	71	170		241
CONCORD	427	999	2,084	840	3,923
DANVILLE	50	995	1,449		2,444
EL CERRITO	150	517	104	101	722
HERCULES	1	919	1,262		2,181
LAFAYETTE	110	124	209		333
MARTINEZ	315	588	1,157		1,745
MORAGA	433	523	435		958
ORINDA	45	105	164		269
PINOLE	33	238	531		769
PITTSBURG	223	2,002	1,908		3,910
PLEASANT HILL	186	332	418	779	1,529
RICHMOND	232	804	4,019		4,823
SAN PABLO	91	171	107	0	278
SAN RAMON	43	3,539	3,528	602	7,669
WALNUT CREEK	410	410	348	1,509	2,267
Subtotal	2,959	13,271	25,207	3,831	42,309
Co. Remainder	911	2,627	3,820	0	6,447
COUNTY TOTAL	3,870	15,898	29,027	3,831	48,756

TABLE 7
EXISTING AND PROJECTED HOUSING NEEDS
MARIN COUNTY AND CITIES

JURISDICTION	EXISTING NEED	1988-90 PROJECTED NEED	1990-95 PROJECTED NEED	ALTERNATIVE ZONING PROJECTED NEED	TOTAL PROJECTED NEED
BELVEDERE	1	5	0		5
CORTE MADERA	14	233	205		438
FAIRFAX	15	48	210		258
LARKSPUR	71	382	238	202	822
MILL VALLEY	21	21	128		149
NOVATO	0	1,357	2,147	814	4,318
ROSS	0	4	10		14
SAN ANSELMO	38	38	9		47
SAN RAFAEL	391	1,179	2,000	334	3,513
SAUSALITO	44	158	136		294
TIBURON	2	40	345		385
Subtotal	597	3,465	5,428	1,350	10,243
Co. Remainder	0	46	200	0	246
COUNTY TOTAL	597	3,511	5,628	1,350	10,489

TABLE 8
EXISTING AND PROJECTED HOUSING NEEDS
NAPA COUNTY AND CITIES, AND CITY AND COUNTY OF SAN FRANCISCO

JURISDICTION	EXISTING NEED	1988-90 PROJECTED NEED	1990-95 PROJECTED NEED	ALTERNATIVE ZONING PROJECTED NEED	TOTAL PROJECTED NEED
CALISTOGA	28	29	464		493
NAPA	21	1,004	2,567		3,571
ST. HELENA	6	478	422		900
YOUNTVILLE	8	110	62		172
Subtotal	63	1,621	3,5150	0	5,136
Co. Remainder	0	318	842	197	1,357
COUNTY TOTAL	63	1,939	4,357	197	6,493
 SAN FRANCISCO	 3,801	 5,316	 5,778	 12,311	 23,405

TABLE 9
EXISTING AND PROJECTED HOUSING NEEDS
SAN MATEO COUNTY AND CITIES

JURISDICTION	EXISTING NEED	1988-90 PROJECTED NEED	1990-95 PROJECTED NEED	ALTERNATIVE ZONING PROJECTED NEED	TOTAL PROJECTED NEED
ATHERTON	54	54	0		54
BELMONT	214	394	124	200	718
BRISBANE	15	238	499	451	1,188
BURLINGAME	300	534	447	376	1,357
COLMA	2	86	174		260
DALY CITY	238	863	905		1,768
EAST PALO ALTO	28	280	637	39	956
FOSTER CITY	174	174	642	206	1,022
HALF MOON BAY	10	612	1,970		2,582
HILLSBOROUGH	52	52	187		239
MENLO PARK	70	318	259	1,041	1,618
MILLBRAE	85	85	3		88
PACIFICA	118	396	415		811
PORTOLA VALLEY	12	36	125		161
REDWOOD CITY	97	959	2,473	1,309	4,741
SAN BRUNO	91	91	0	761	852
SAN CARLOS	226	259	363	209	831
SAN MATEO	789	1,350	980	949	3,279
S. SAN FRANCISCO	567	1,532	513	769	2,814
WOODSIDE	44	202	167		369
Subtotal	3,186	8,515	10,883	6,310	25,708
Co. Remainder	376	486	252	0	738
COUNTY TOTAL	3,562	9,001	11,135	6,310	26,446

TABLE 10
EXISTING AND PROJECTED HOUSING NEEDS
SANTA CLARA COUNTY AND CITIES

JURISDICTION	EXISTING NEED	1988-90 PROJECTED NEED	1990-95 PROJECTED NEED	ALTERNATIVE ZONING PROJECTED NEED	TOTAL PROJECTED NEED
CAMPBELL	92	813	649	470	1,932
CUPERTINO	210	1,295	536	1,343	3,174
GILROY	45	143	3,760	1,242	5,145
LOS ALTOS	46	46	60		106
LOS ALTOS HILLS	5	89	135		224
LOS GATOS	58	315	238		553
MILPITAS	55	2,000	1,709	2,972	6,681
MONTE SERENO	17	50	10		60
MORGAN HILL	36	252	1,993	181	2,426
MOUNTAIN VIEW	3	1,303	950	1,042	3,295
PALO ALTO	25	629	1,180		1,809
SAN JOSE	974	10,844	20,728	6,061	37,633
SANTA CLARA	70	874	2,315	1,981	5,170
SARATOGA	452	797	232		1,029
SUNNYVALE	50	1,027	3,514	417	4,958
Subtotal	2,138	20,477	38,009	15,709	74,195
Co. Remainder	250	314	231	0	545
COUNTY TOTAL	2,388	20,791	38,240	15,709	74,740

TABLE 11
EXISTING AND PROJECTED HOUSING NEEDS
SOLANO COUNTY AND CITIES

JURISDICTION	EXISTING NEED	1988-90 PROJECTED NEED	1990-95 PROJECTED NEED	ALTERNATIVE ZONING PROJECTED NEED	TOTAL PROJECTED NEED
BENICIA	282	1,106	1,243		2,349
DIXON	18	352	347		699
FAIRFIELD	109	1,604	5,290		6,894
RIO VISTA	4	237	533		770
SUISUN CITY	0	470	2,103		2,573
VACAVILLE	216	817	3,780		4,597
VALLEJO	104	999	4,895		5,894
Subtotal	733	5,585	18,191	0	23,776
Co. Remainder	0	246	685	0	931
COUNTY TOTAL	733	5,831	18,876	0	24,707

TABLE 12
EXISTING AND PROJECTED HOUSING NEEDS
SONOMA COUNTY AND CITIES

JURISDICTION	EXISTING NEED	1988-90 PROJECTED NEED	1990-95 PROJECTED NEED	ALTERNATIVE ZONING PROJECTED NEED	TOTAL PROJECTED NEED
CLOVERDALE	5	247	536		783
COTATI	19	19	197		216
HEALDSBURG	31	382	838		1,220
PETALUMA	21	551	2,223		2,774
ROHNERT PARK	0	681	1,171	274	2,126
SANTA ROSA	191	854	6,315	761	7,930
SEBASTOPOL	9	190	347		537
SONOMA	4	160	470		630
Subtotal	280	3,084	12,097	1,035	16,216
Co. Remainder	0	1,718	4,831	0	6,549
COUNTY TOTAL	280	4,802	16,928	1,035	22,765

Consideration of Income Levels

ABAG, in making its determinations of regional housing needs, is required to consider the need for housing at all income levels. Section 65584 of Article 10.6 of the Government Code defines each locality's share of the regional housing need as:

...that share of the housing need of persons at all income levels within the area significantly affected by the jurisdiction's general plan.

Each council of governments is required to allocate projected housing needs by income category in accordance with statutory definitions.

**- California Attorney
General's Opinion
87-206**

The Government Code also requires that the distribution of regional housing needs "seek to avoid further impactation of localities with relatively high proportions of lower income households." State law does not define impactation. It also does not prescribe numerical terms under which a community is considered to have a relatively high number of lower income households.

The most widely used definitions of income groupings of population are those used by the U. S. Department of Housing and Urban Development (HUD) to determine eligibility for Federal housing assistance. Section 6932 of Title 25 of the California Administrative Code sets forth the income limits used by the State Department of Housing and Community Development, which are in large part based on the HUD income limits. Usually this limit is determined for a four-person household. A set of other factors is used to determine eligibility limits for other household sizes.

A household of very low income is one with an income of up to 50% of the median income for the region. A household of low income is one with an income of 51–80% of the median regional income. A moderate income household is one with an income of 81–120% of the median regional income. A household with an income greater than 120% of the regional median is considered of above moderate income.

For purposes of the housing needs determinations, income levels are not adjusted for household size.

Allocation of housing need by income category does not mean continuing existing cities' income distributions into the future.

All communities are expected by State law to provide greater opportunities for the Bay Area's lower-income households, as well as for more affluent ones.

ABAG staff have used the 1979 income distribution of households for each city, county and the Bay Area, as reported by the Census Bureau in the 1980 Census. The income categories defined in Sections 6910–6932 of the California Administrative Code are used, in accordance with the interpretation of California Attorney General's Opinion 87–206.

The Census reports a 1979 median household income for the region as \$20,607. Thus, a household with an income of \$10,304 or less would be very low income, a household with an income from \$10,305 to \$16,486 would be low income, and a household with an income of from \$16,487 to \$24,728 would be considered of moderate income. An income of greater than \$24,728 would be above moderate income. These income limits were used to estimate the proportion of households in each jurisdiction in the Bay Area in the four income categories.

For the region, 23% of the households are very low income, 16% are low income, 21% are moderate income, and 40% are above moderate income. Tables 13 through 20 show the 1979 distribution of each jurisdiction's households compared to the regional median household income.

Since AB 2853 requires each council of governments to determine regional housing needs, what is implied by a determination of household need by income category is movement toward the distribution of households by income category within the region.

This movement-toward-the-regional-distribution presumption was used by ABAG in its previous determinations of regional housing needs. The presumption was then — and remains now — that a more equitable distribution of housing opportunities would be achieved by applying a regionally derived percentage to the projected housing need.

The approach described below has been determined to be acceptable by the State Housing and Community Development Department, since it is identical to that

used in the 1983 determinations—also accepted by HCD.

ABAG's allocations promote a more equitable distribution of housing opportunities among cities and counties of the Bay Area.

For purposes of this report, the existing city percentages are averaged with the existing county and regional percentages to determine the percentage to be applied to the projected housing need. Thus, the distribution promotes a more equitable distribution of housing opportunities within the Bay Area, and furthers the intent that the resulting distribution “seek to avoid further impaction” of existing communities with higher concentrations of lower income households.

For example, the City of Alameda (with 25% very low) is averaged with Alameda County (28% very low) and the region (23% very low) to derive a new percentage of 25% very low [$25+28+23=76$; and $76/3=25$]. The averaged percentages are shown in Tables 13–20. The projected housing needs by income category are shown in Tables 21–28.

Although resources are constrained, local housing elements can focus greater attention on making a community's housing more affordable to all economic segments of the region.

The resulting numbers from the procedure described above do not imply that each jurisdiction must produce the identified amount of very low–, low–, moderate– and above–moderate income housing. The numbers do imply a net increase in the number of available units in each of these income categories. A community can promote additional housing opportunities by a number of means. Included among these are by “filtering”; by allowing large single-family homes to be converted to multi-family uses; by promoting or encouraging the rehabilitation of substandard units or units presently scheduled for demolition; by providing for the conversion of seasonal to year-round occupancy; or by authorizing the construction of new low- and moderate-income housing units, using density bonuses and allowing for greater use of second-units and manufactured housing. How each county and city will address the determination of regional housing need by income category will be decided in the process of updating the housing elements of each individual jurisdiction.

TABLE 13
EXISTING AND AVERAGED INCOME PERCENTAGES
ALAMEDA COUNTY AND CITIES

JURISDICTION	VERY LOW		LOW		MODERATE		ABOVE MODERATE	
	1980	AVG.	1980	AVG.	1980	AVG.	1980	AVG.
ALAMEDA	25	25	20	18	21	21	34	36
ALBANY	30	27	20	18	23	21	27	34
BERKELEY	40	30	18	17	17	19	25	34
DUBLIN	9	20	11	14	26	23	54	43
EMERYVILLE	27	26	21	18	26	22	26	34
FREMONT	14	22	13	15	22	21	51	42
HAYWARD	22	24	17	17	25	22	36	37
LIVERMORE	15	22	12	15	23	21	50	42
NEWARK	11	20	10	14	23	22	56	44
OAKLAND	39	30	18	17	18	20	25	33
PIEDMONT	9	20	9	14	14	18	68	48
PLEASANTON	12	21	10	14	18	20	60	45
SAN LEANDRO	24	25	18	17	23	21	35	37
UNION CITY	14	22	13	15	25	22	48	41
Unincorp.	21	24	16	16	23	21	40	39
COUNTYWIDE	28		17		20		35	

TABLE 14
EXISTING AND AVERAGED INCOME PERCENTAGES
CONTRA COSTA COUNTY AND CITIES

JURISDICTION	VERY LOW		LOW		MODERATE		ABOVE MODERATE	
	1980	AVG.	1980	AVG.	1980	AVG.	1980	AVG.
ANTIOCH	22	22	16	15	24	22	38	41
BRENTWOOD	32	25	23	18	21	20	24	37
CLAYTON	5	16	6	12	8	16	81	56
CONCORD	18	20	16	16	22	21	44	43
DANVILLE	6	16	6	12	12	18	76	54
EL CERRITO	21	21	16	15	20	20	43	44
HERCULES	4	16	5	12	16	19	75	53
LAFAYETTE	13	19	9	13	15	18	63	50
MARTINEZ	20	21	13	14	19	20	48	45
MORAGA	7	17	8	13	13	18	72	52
ORINDA *	6	16	6	12	11	17	77	55
PINOLE	13	19	12	14	22	21	53	46
PITTSBURG	25	23	16	15	24	22	35	40
PLEASANT HILL	18	20	14	15	22	21	46	44
RICHMOND	34	26	18	16	21	21	27	37
SAN PABLO	39	27	22	17	21	21	18	35
SAN RAMON	5	16	7	12	16	19	72	53
WALNUT CREEK	17	20	14	15	18	20	51	45
Unincorp.	18	20	13	14	19	20	50	46
COUNTYWIDE	20		14		20		46	

* Income distribution was based on Orinda's Census Designated Place data in 1980 because the city was not incorporated until 1983.

TABLE 15
EXISTING AND AVERAGED INCOME PERCENTAGES
MARIN COUNTY AND CITIES

JURISDICTION	VERY LOW		LOW		MODERATE		ABOVE MODERATE	
	1980	AVG.	1980	AVG.	1980	AVG.	1980	AVG.
BELVEDERE	11	17	5	12	10	17	74	54
CORTE MADERA	12	17	14	15	20	20	54	48
FAIRFAX	23	21	18	16	21	20	38	43
LARKSPUR	18	19	15	15	20	20	47	46
MILL VALLEY	17	19	14	15	18	19	51	47
NOVATO	15	18	15	15	20	20	50	47
ROSS	8	16	11	14	9	16	72	54
SAN ANSELMO	21	20	17	16	21	20	41	44
SAN RAFAEL	22	21	16	15	19	20	43	44
SAUSALITO	16	19	13	14	21	20	50	47
TIBURON	10	17	11	14	12	17	67	52
Unincorp.	15	18	12	14	18	19	55	49
COUNTYWIDE	17		14		19		50	

TABLE 16
EXISTING AND AVERAGED INCOME PERCENTAGES
NAPA COUNTY & CITIES AND CITY & COUNTY OF SAN FRANCISCO

JURISDICTION	VERY LOW		LOW		MODERATE		ABOVE MODERATE	
	1980	AVG.	1980	AVG.	1980	AVG.	1980	AVG.
CALISTOGA	48	32	19	18	17	20	16	30
NAPA	26	25	18	17	22	21	34	37
ST. HELENA	34	28	19	18	19	20	28	34
YOUNTVILLE	35	28	24	19	16	19	25	34
Unincorp.	21	23	17	17	22	21	40	39
COUNTYWIDE	26		18		21		35	
SAN FRANCISCO	33	30	19	18	20	20	28	32

TABLE 17
EXISTING AND AVERAGED INCOME PERCENTAGES
SAN MATEO COUNTY AND CITIES

JURISDICTION	VERY LOW		LOW		MODERATE		ABOVE MODERATE	
	1980	AVG.	1980	AVG.	1980	AVG.	1980	AVG.
ATHERTON	5	15	4	12	5	16	86	57
BELMONT	12	17	15	16	19	20	54	47
BRISBANE	22	21	19	17	22	21	37	41
BURLINGAME	20	20	19	17	20	21	41	42
COLMA	21	20	13	15	27	23	39	42
DALY CITY	18	19	18	17	23	22	41	42
EAST PALO ALTO	34	25	24	17	20	21	22	37
FOSTER CITY	7	16	12	15	19	20	62	49
HALF MOON BAY	17	19	12	15	19	20	52	46
HILLSBOROUGH	5	15	4	12	6	16	85	57
MENLO PARK	21	20	16	16	19	20	44	44
MILLBRAE	15	18	14	15	18	20	53	47
PACIFICA	15	18	13	15	24	22	48	45
PORTOLA VALLEY	4	15	4	12	9	17	83	56
REDWOOD CITY	23	21	19	17	20	21	38	41
SAN BRUNO	15	18	16	16	25	22	44	44
SAN CARLOS	14	18	14	15	20	21	52	46
SAN MATEO	18	19	17	16	22	21	43	44
S. SAN FRANCISCO	18	19	15	16	24	22	43	43
WOODSIDE	8	16	5	12	11	18	76	54
Unincorp.	15	18	13	15	19	20	53	47
COUNTYWIDE	17		16		21		46	

TABLE 18
EXISTING AND AVERAGED INCOME PERCENTAGES
SANTA CLARA COUNTY AND CITIES

JURISDICTION	VERY LOW		LOW		MODERATE		ABOVE MODERATE	
	1980	AVG.	1980	AVG.	1980	AVG.	1980	AVG.
CAMPBELL	23	21	18	16	23	22	36	41
CUPERTINO	9	16	10	14	17	20	64	50
GILROY	25	22	17	16	21	21	37	41
LOS ALTOS	8	16	7	13	12	18	73	53
LOS ALTOS HILLS	5	15	5	12	8	17	82	56
LOS GATOS	17	19	13	15	17	20	53	46
MILPITAS	12	17	13	15	25	22	50	46
MONTE SERENO	10	17	5	12	14	19	71	52
MORGAN HILL	17	19	13	15	20	21	50	45
MOUNTAIN VIEW	20	20	20	17	25	22	35	41
PALO ALTO	17	19	15	15	18	20	50	46
SAN JOSE	19	20	15	15	21	21	45	44
SANTA CLARA	18	19	17	16	22	21	43	44
SARATOGA	7	16	7	13	11	18	75	53
SUNNYVALE	15	18	17	16	23	22	45	44
Unincorp.	19	20	15	15	20	21	46	44
COUNTYWIDE	17		15		21		47	

TABLE 19
EXISTING AND AVERAGED INCOME PERCENTAGES
SOLANO COUNTY AND CITIES

JURISDICTION	VERY LOW		LOW		MODERATE		ABOVE MODERATE	
	1980	AVG.	1980	AVG.	1980	AVG.	1980	AVG.
BENICIA	18	22	15	16	21	22	46	40
DIXON	23	24	18	17	22	22	37	37
FAIRFIELD	25	24	21	18	22	22	32	36
RIO VISTA	27	25	15	16	24	23	34	36
SUISUN CITY	20	23	13	16	30	25	37	36
VACAVILLE	21	23	16	17	25	23	38	37
VALLEJO	28	25	19	18	23	22	30	35
Unincorp.	25	24	16	17	19	21	40	38
COUNTYWIDE	25		18		23		34	

TABLE 20
EXISTING AND AVERAGED INCOME PERCENTAGES
SONOMA COUNTY AND CITIES

JURISDICTION	VERY LOW		LOW		MODERATE		ABOVE MODERATE	
	1980	AVG.	1980	AVG.	1980	AVG.	1980	AVG.
CLOVERDALE	35	29	14	16	22	22	29	33
COTATI	34	28	23	19	19	21	24	32
HEALDSBURG	31	27	18	18	23	22	28	33
PETALUMA	23	25	16	17	22	22	39	36
ROHNERT PARK	24	25	18	18	26	23	32	34
SANTA ROSA	28	26	19	18	22	22	31	34
SEBASTOPOL	37	29	18	18	21	21	24	32
SONOMA	30	27	18	18	19	21	33	34
Unincorp.	28	26	19	18	21	21	32	35
COUNTYWIDE	28		19		22		31	

TABLE 21
PROJECTED HOUSING NEED BY INCOME CATEGORY
ALAMEDA COUNTY AND CITIES

JURISDICTION	TOTAL PROJECTED NEED	VERY LOW	LOW	MODERATE	ABOVE MODERATE
ALAMEDA	2,854	714	514	599	1,027
ALBANY	86	23	15	18	30
BERKELEY	2,030	609	345	386	690
DUBLIN	3,391	678	475	780	1,458
EMERYVILLE	765	199	138	168	260
FREMONT	8,151	1,793	1,223	1,712	3,423
HAYWARD	8,734	2,096	1,485	1,921	3,232
LIVERMORE	2,539	559	381	533	1,066
NEWARK	1,856	371	260	408	817
OAKLAND	8,874	2,662	1,509	1,775	2,928
PIEDMONT	29	6	4	5	14
PLEASANTON	3,547	745	497	709	1,596
SAN LEANDRO	2,425	606	412	509	898
UNION CITY	1,956	430	293	430	803
Unincorp.	2,890	694	462	607	1,127
COUNTYWIDE	50,127	12,185	8,013	10,560	19,369

TABLE 22
PROJECTED HOUSING NEED BY INCOME CATEGORY
CONTRA COSTA COUNTY AND CITIES

JURISDICTION	TOTAL PROJECTED NEED	VERY LOW	LOW	MODERATE	ABOVE MODERATE
ANTIOCH	6,343	1,395	951	1,395	2,602
BRENTWOOD	1,905	476	343	381	705
CLAYTON	241	39	29	39	134
CONCORD	3,923	785	628	824	1,686
DANVILLE	2,444	391	293	440	1,320
EL CERRITO	722	152	108	144	318
HERCULES	2,181	349	262	414	1,156
LAFAYETTE	333	63	43	60	167
MARTINEZ	1,745	366	244	349	786
MORAGA	958	163	125	172	498
ORINDA	269	43	32	46	148
PINOLE	769	146	108	161	354
PITTSBURG	3,910	899	587	860	1,564
PLEASANT HILL	1,529	306	229	321	673
RICHMOND	4,823	1,254	772	1,013	1,784
SAN PABLO	278	75	47	58	98
SAN RAMON	7,669	1,227	920	1,457	4,065
WALNUT CREEK	2,267	453	340	453	1,021
Unincorp.	6,447	1,289	903	1,289	2,966
COUNTYWIDE	48,756	9,871	6,964	9,876	22,045

TABLE 23
PROJECTED HOUSING NEED BY INCOME CATEGORY
MARIN COUNTY AND CITIES

JURISDICTION	TOTAL PROJECTED NEED	VERY LOW	LOW	MODERATE	ABOVE MODERATE
BELVEDERE	5	1	1	1	2
CORTE MADERA	438	74	66	88	210
FAIRFAX	258	54	41	52	111
LARKSPUR	822	156	123	164	379
MILL VALLEY	149	28	22	28	71
NOVATO	4,318	777	648	864	2,029
ROSS	14	2	2	2	8
SAN ANSELMO	47	9	8	9	21
SAN RAFAEL	3,513	738	527	703	1,545
SAUSALITO	294	56	41	59	138
TIBURON	385	65	54	65	201
Unincorp.	246	44	34	47	121
COUNTYWIDE	10,489	2,004	1,567	2,082	4,836

TABLE 24
PROJECTED HOUSING NEED BY INCOME CATEGORY
NAPA COUNTY & CITIES, AND SAN FRANCISCO

JURISDICTION	TOTAL PROJECTED NEED	VERY LOW	LOW	MODERATE	ABOVE MODERATE
CALISTOGA	493	158	89	99	147
NAPA	3,571	893	607	750	1,321
ST. HELENA	900	252	162	180	306
YOUNTVILLE	172	48	33	33	58
Unincorp.	1,357	312	231	285	529
COUNTYWIDE	6,493	1,663	1,122	1,347	2,361
 SAN FRANCISCO	 23,405	 7,022	 4,213	 4,681	 7,489

TABLE 25
PROJECTED HOUSING NEED BY INCOME CATEGORY
SAN MATEO COUNTY AND CITIES

JURISDICTION	TOTAL PROJECTED NEEDS	VERY LOW	LOW	MODERATE	ABOVE MODERATE
ATHERTON	54	8	6	9	31
BELMONT	718	122	115	144	337
BRISBANE	1,188	249	202	249	488
BURLINGAME	1,357	271	231	285	570
COLMA	260	52	39	60	109
DALY CITY	1,768	336	301	389	742
EAST PALO ALTO	956	239	163	201	353
FOSTER CITY	1,022	164	153	204	501
HALF MOON BAY	2,582	491	387	516	1,188
HILLSBOROUGH	239	36	29	38	136
MENLO PARK	1,618	324	259	324	711
MILLBRAE	88	16	13	18	41
PACIFICA	811	146	122	178	365
PORTOLA VALLEY	161	24	19	27	91
REDWOOD CITY	4,741	996	806	996	1,943
SAN BRUNO	852	153	136	187	376
SAN CARLOS	831	150	125	175	381
SAN MATEO	3,279	623	525	689	1,442
S. SAN FRANCISCO	2,814	535	450	619	1,210
WOODSIDE	369	59	44	66	200
Unincorp.	738	133	111	148	346
COUNTYWIDE	26,446	5,127	4,236	5,522	11,561

TABLE 26
PROJECTED HOUSING NEED BY INCOME CATEGORY
SANTA CLARA COUNTY AND CITIES

JURISDICTION	TOTAL PROJECTED NEED	VERY LOW	LOW	MODERATE	ABOVE MODERATE
CAMPBELL	1,932	406	309	425	792
CUPERTINO	3,174	508	444	635	1,587
GILROY	5,145	1,132	823	1,080	2,110
LOS ALTOS	106	17	14	19	56
LOS ALTOS HILLS	224	34	27	38	125
LOS GATOS	553	105	83	111	254
MILPITAS	6,681	1,136	1,002	1,470	3,073
MONTE SERENO	60	10	7	11	32
MORGAN HILL	2,426	461	364	509	1,092
MOUNTAIN VIEW	3,295	659	560	725	1,351
PALO ALTO	1,809	344	271	362	832
SAN JOSE	37,633	7,527	5,645	7,903	16,558
SANTA CLARA	5,170	982	827	1,086	2,275
SARATOGA	1,029	165	134	185	545
SUNNYVALE	4,958	892	793	1,091	2,182
Unincorp.	545	109	82	114	240
COUNTYWIDE	74,740	14,487	11,385	15,764	33,104

TABLE 27
PROJECTED HOUSING NEED BY INCOME CATEGORY
SOLANO COUNTY AND CITIES

JURISDICTION	TOTAL PROJECTED NEED	VERY LOW	LOW	MODERATE	ABOVE MODERATE
BENICIA	2,349	517	376	517	939
DIXON	699	168	119	154	258
FAIRFIELD	6,894	1,655	1,241	1,517	2,481
RIO VISTA	770	193	123	177	277
SUISUN CITY	2,573	592	412	643	926
VACAVILLE	4,597	1,057	781	1,057	1,702
VALLEJO	5,894	1,474	1,061	1,297	2,062
Unincorp.	931	223	158	196	354
COUNTYWIDE	24,707	5,879	4,271	5,558	8,999

TABLE 28
PROJECTED HOUSING NEED BY INCOME CATEGORY
SONOMA COUNTY AND CITIES

JURISDICTION	TOTAL PROJECTED NEED	VERY LOW	LOW	MODERATE	ABOVE MODERATE
CLOVERDALE	783	227	125	172	259
COTATI	216	60	41	45	70
HEALDSBURG	1,220	329	220	268	403
PETALUMA	2,774	694	472	610	998
ROHNERT PARK	2,126	532	383	489	722
SANTA ROSA	7,930	2,062	1,427	1,745	2,696
SEBASTOPOL	537	156	97	113	171
SONOMA	630	170	113	132	215
Unincorp.	6,549	1,703	1,179	1,375	2,292
COUNTYWIDE	22,765	5,933	4,057	4,949	7,826

Consideration of Farmworker Housing Need

As noted previously, one factor to be considered in the determination of regional housing need is the housing needs of farmworkers.

*“Housing...
[California
farmworkers]
presents particular
problems because of
the rural location
and seasonal
nature of the work,
and the need for
mobility on the
part of many of the
workers.”*

**-California Statewide
Housing Plan, August
1987**

The State Department of Employment Development (EDD) annually estimates the total agricultural employment in 42 of the State's counties. Of these counties, figures are not available for two Bay Area counties—San Francisco and Marin.

EDD estimates there were approximately 20,470 workers employed in agriculture in the Bay Area in 1985—the latest year for which EDD estimates are available. This number includes farmers and members of their families who were unpaid; regular and seasonal hired domestic workers; and agricultural workers brought to California under contract from outside the United States. This last category of worker has contained no workers since termination of the bracero program by then-Governor Ronald Reagan in 1967.

Farmers and Unpaid Family. The number of Bay Area farmers and unpaid family workers in 1985 was estimated by EDD to be 4,250. This was 70% lower than the number in this category in 1955.

Regular and Seasonal Hired Domestic Workers. The total number of workers in the Bay Area in this category in 1985 was estimated at 16,220, compared to the early 1950s, when the number reached approximately 30,000.

For purposes of this report, farmworkers are defined as regular and seasonal hired domestic workers.

Several general conclusions were reached by the Department of Housing and Community Development in its August 1987 Statewide Housing Plan, drawing on 1980 Census data. The Census data provides a limited review of actual needs. One reason is that April 1—the date each Census is taken—does not represent the peak period of agricultural work

statewide. The Census shows that farmworker households have low home-ownership rates, large household sizes and low incomes. Relative to other Californians, they live disproportionately in housing that is in the poorest condition. They have very high rates of overcrowding. Most farmworkers are members of minority groups; nearly two-thirds of California's farmworkers are of Spanish origin.

“As a group, farmworkers have major housing problems [resulting from]...low incomes, large household sizes, and the high mobility of many farmworkers.”

- California Statewide Housing Plan

As is the case of most low-income households, the housing needs of farmworkers far exceed governments' ability to provide assistance. The Farmers Home Administration (FmHa) has been the most important provider of permanent housing for farmworkers, but FmHA assistance suffers from its own income qualifying standards and a shortage of staff and funds. Other providers of farmworker housing are the State Department of Housing and Community Development and the Office of Migrant Services of EDD (which operates migrant centers throughout the State). In 1980, the 25 State migrant centers in 13 counties in California provided for about 1,900 housing units, occupied by nearly 2,500 farmworker families staying an average of 115 days in the centers.

Because farmworkers have low incomes and their employment status is often tenuous, they are often unable to compete for housing on the open market. In addition, because most share a culture and language that is often different from the communities in which they work, they are often discriminated against in the housing market.

Even among the broader farmworker population, there are different groups—each with its own housing problems. Regular or year-round farmworkers are defined by EDD as those working 150 or more days for the same employer. Their incomes are generally higher than seasonal workers (who work less than 150 days annually for the same employer); many year-round farmworkers are still unable to obtain affordable ownership or standard rental housing.

Seasonal and migrant seasonal workers represent about one-third of the region's farmworker population. In Sonoma County, the Bay Area county with the highest number of farmworkers, about one-quarter are seasonal. Santa Clara County has the highest number of seasonal farmworkers in the region—1,870 in 1985. These workers represented about 47% of the total hired domestic farmworkers in the county.

Seasonal workers are generally local residents who depend heavily on finding employment in the agricultural industry to support their families. Migrant seasonal workers are those who travel more than 50 miles across county lines to obtain agricultural employment. The housing needs of the latter category are most severe because of constant travel. These workers often take what they can get in terms of housing, which often includes living in substandard, overcrowded conditions.

A 1975 study by Self-Help Enterprises found that statewide trends and projections indicated a stabilization of the agricultural work force. Another of the study's conclusions was a projection that seasonal farmworker employment would gradually decline as a result of the increased demand for year-round workers. Complicating even a simple analysis of farmworker housing needs (particularly in rural areas of California) is the potential impact of the Immigration Reform and Control Act of 1986. It is likely there will be increased demands for adequate and affordable farmworker housing as eligible undocumented workers legalize their status.

Determining the Housing Needs of Farmworkers

In order to determine the need for additional housing in the Bay Area for farmworkers, it is necessary to project future farmworkers in the labor force, convert these estimates into farmworker households, and then compare these to the existing farmworker households.

1. For purposes of this report, the EDD estimates were used to project the number of farmworkers for 1995.

Farmworker households will probably decline in number through 1995...Therefore, the need for additional housing for farmworkers is not demonstrable in the region.

Local governments with a substantial agricultural work force should examine the need for farmworker housing, or improvements to the housing stock occupied by such workers, as part of updating their housing elements.

Because total domestic farmworker employment estimates were available beginning with 1955, a trend-line analysis using simple linear regression was used to project total hired domestic employment for 1995. The 1995 estimate was corrected for the difference between the predicted 1985 level and the estimate for that year. A total of domestic farmworkers were estimated for each county for 1995.

2. It was assumed for purposes of this report that labor force participation among farmworkers is 1.5 workers/household.

This assumption was based on the traditional family participation in the fields, the shifting needs of farm operations and an increasing attendance at both regular and migrant schools, as farmworker parents are increasingly realizing the value of education for their children despite their own lower educational attainment levels.

The 1.5 workers/household figure was used to estimate the number of farmworker households for 1980 (using the EDD figures) and for the projected 1995 farmworkers (from step 1 above).

3. Finally, the projection of 1995 regular and seasonal farmworker households was compared with the estimates for 1980 to determine the "projected housing need" for farmworker households. For the region as a whole, the projected need for housing for regular farmworkers is the difference between the projected 1995 number of households and the estimated existing number of regular domestic farmworker households.

For the region as a whole, the analysis described above suggests there will be a decline in the number of farmworker households in the region, and in each county where EDD estimates agricultural employment annually. Therefore, the need for additional housing for farmworkers is not demonstrable in the region. This is consistent with the projected decline of agricultural employment in the region, as discussed in *Projections 87*.

Because this report concentrates on determining a needed increase in housing available for year-round occupancy, it is assumed that seasonal workers will continue to be housed in non-year-round units. For planning purposes, this means that no net increase in seasonal or migrant housing is calculated. Each city and county within the ABAG region, however, should consider this category of need as part of updating its housing element.

In addition, local housing elements should consider—if data from the Census indicates a need to do so—the physical condition of housing stock where existing farmworker households reside. As previously stated, many farmworker households live in substandard housing units. Where the need to upgrade such units is demonstrable, these needs should be included in the housing conservation programs to be addressed by local government housing elements, and by the Housing Assistance Plans and programs under the Federal Community Development Block Grant program.

*HCD may revise
ABAG's regional
housing needs
determination.*

**— Government Code
Section 65584 (a)**

*As long as the 1995
household level is
accommodated,
HCD is not likely to
revise the
distribution of
housing need for
the region or its
localities.*

Potential Revisions by HCD

State law permits the California Department of Housing and Community Development (HCD) to revise the determination of regional housing need to “ensure consistency with the statewide housing need....” As a practical matter, what is important to the Department is that the level of household growth (and not its distribution) at the regional level be accommodated. Based on California Department of Finance (DOF) projections of population made in 1986, HCD determined on June 29, 1988, that there will be 2,432,900 households in the Bay Area in 1995.

This compares with the *Projections 87* household forecast for the region of 2,420,990 households—a difference of 11,910 households. At the regional level, the difference is less than one half of one percent, and for the most part is explained by different household estimates for the City and County of San Francisco. The ABAG staff believes the DOF population forecast (made in 1986) for San Francisco probably overestimates growth; therefore the household estimate for San Francisco made by HCD is probably also high.

Nevertheless, the housing needs determinations contained in this report accommodate the household level projected for the region by HCD. As long as this total is more than accommodated, it is not likely that HCD will revise the regional housing need, or its distribution to individual cities and counties.

San Francisco Bay Area Housing Needs Determinations

3. Local Government Review Process

Chapter 1143 of the Statutes of 1980 provides a three-step review process for determining regional housing needs. These steps are:

- Initial determination of regional housing needs by ABAG.
- Local review and revision, where appropriate.
- ABAG action on the local revisions.

Initial Determination Phase

This step would be accomplished by ABAG action on this report, which identifies the regional housing needs, and local shares of such needs, after consideration of the factors listed in Section 65584 of the Government Code. The completion of this step would begin a 90-day local revision process. The ABAG Executive Board will be asked to complete this phase at its meeting on September 15, 1988, after consideration of recommendations from the Regional Planning Committee.

Local Review and Revision Phase

Subsection (c) of Section 65584 of the Government Code provides for a 90-day period during which each Bay Area county and city may revise its share of the regional housing need, using only accepted planning methods and available data.

ABAG Action on Local Revision Phase

Within 60 days of a local government's revision to its share of the regional housing need, ABAG must either accept the revision, or indicate why the revision is inconsistent with the regional housing needs.

The housing element law specifies that local government revisions must be based on available data

State law specifies the schedule for completing the housing needs determinations process in each region of California.

— **Government Code
Section 65584 (c)**

and accepted planning methods. It does not specify what constitutes available data, nor does it prescribe a planning methodology. As previously described, it does preclude a local government from using a growth limitation ordinance (as defined by law) as a justification for a reduction in its share of the regional housing need.

The most critical assumption with respect to the regional housing needs determinations is that household growth between 1988 and 1995 in each jurisdiction will occur as specified in *Projections 87*. This document — the most recent regionally consistent forecasts of growth for the Bay Area — was extensively reviewed by Bay Area local governments prior to adoption by ABAG's Executive Board in June 1987.

The housing need for the unincorporated area of each county (called "county remainder" in this report) is not distributed to unincorporated communities within the nine counties. ABAG will rely on the counties to determine how such housing needs are to be addressed for the unincorporated area in each county's housing element.

In taking action on this housing needs determinations report, ABAG requests cities and counties in the Bay Area to review the report and its assumptions carefully, and to make appropriate revisions, if necessary, effective on December 13, 1988. In this way, the Executive Board will have until February 12, 1989, to consider all revisions, and to make its final determinations of regional housing needs at that time. This will also allow Bay Area local governments approximately 15 months to consider how they will address shares of the regional housing needs as part of the process of updating local housing elements.

San Francisco Bay Area Housing Needs Determinations

Appendix A. Technical Definitions and Formulas

Terms used in calculating housing need are defined at right.

Formulas to calculate existing and projected need for housing are shown next, followed by an explanation of how the optimal vacancy rate is calculated for each jurisdiction.

a = vacancy ratio

b & c = housing cost to income ratios

\ln = natural logarithm

A_{ho} = available housing units

hh = households in jurisdiction (occupied housing units)

new_{hh} = projected households in sphere of influence

h_{88} = estimated households in sphere in 1988

SR = household/housing unit production ratio = .9

h_v = median value of owner-occupied units

h_i = median household income

r_v = median rent of renter-occupied units

f_u = unweighted variance factor

f_w = weighted variance factor

RVR = Regional Vacancy Rate Goal = .045

AVR = Available Vacancy Rate =
 $(A_{ho88} - hh_{88})/A_{ho88}$

Shc = Shortfall coefficient

OVR = Optimal Vacancy Rate

NE = Existing Need (1988) in jurisdiction

Total projected need is the combination of existing need and growth need, and, where applicable, a need associated with alternative zoning in areas with substantial job growth.

NG = Growth Need in sphere of influence

NJ = Need associated with alternative zoning consideration

NP = Projected Need

TNP = Total Projected Need

Formulas Used to Calculate Existing and Projected Housing Needs

$$a = \frac{(\ln Aho81 - \ln hh81)^{SR}}{\ln Aho88 - \ln hh88}$$

$$b = \frac{\ln hv88 - \ln hv81}{\ln hi88 - \ln hi81} \times \% \text{ owner hh}$$

$$c = \frac{\ln rv88 - \ln rv81}{\ln hi88 - \ln hi81} \times \% \text{ renter hh}$$

$$\left. \begin{aligned} fu &= \frac{a + (b + c)}{20} - .1 \\ fw &= fu (RVR/AVR) \\ Shc &= \frac{1}{1 + fw} \end{aligned} \right\} Shc = \frac{AVR}{AVR + .00225 (a + (b+c)) - .0045}$$

$$OVR = (AVR)^{Shc}$$

$$NE = \frac{hh88}{1 - OVR} - Aho88$$

$$NG^{90} = \frac{newhh90 - hhs}{1 - OVR}$$

$$NG^{95} = \frac{newhh95 - hhs}{1 - OVR}$$

$$NP^{88-90} = NE + NG^{90}$$

$$NP^{88-95} = NE + NG^{95}$$

$$NP^{90-95} = NP^{88-95} - NP^{88-90}$$

$$NJ = \text{Need from alternative zoning calculation}$$

$$TNP = NE + NG^{95} + NJ$$

Description of Methodology

The purpose of this appendix is to provide a detailed description of the methodology used to calculate the housing needs determinations. There are three components of these determinations. (1) The existing need is the number of housing units needed to accommodate the difference between the vacancy rate that actually existed in each jurisdiction on January 1, 1988, and the vacancy rate that should have existed to keep the market closer to equilibrium. (2) The growth need is the number of housing units needed to accommodate the projected household growth from 1988 to 1995, and keep the vacancy rate at the optimal level for each jurisdiction.

In 1987, the Attorney General ruled that councils of governments cannot limit their consideration of regional housing need to that associated with existing local zoning policy when determining regional housing needs allocations. (3) Therefore, the final component of the housing needs determinations is the number of housing units associated with correcting the imbalance between jobs and employed residents in many jurisdictions that necessitates considerably more commuting than is desirable.

The first step is to determine the existing need. This process uses data from the Department of Finance (DOF) reported as of January 1, 1981, and January 1, 1988. These DOF summary reports provide the number of available housing units (AHO) and the number of households (HH) for each jurisdiction. ABAG staff assumes the total number of housing units reported by DOF is the number of available housing units. Households are, by definition, occupied housing units. Data from Department of Finance reports statistics for the current geographical boundaries of the incorporated jurisdictions. For cities not incorporated in 1981, household estimates are obtained by interpolating from the number of households reported in *Projections 87*. Estimates for the number of available housing units are obtained by assuming the same occupancy rate reported in the corresponding Census Designated Place in the 1980

Census. This occupancy rate multiplied by the estimated number of households provides the estimated number of available housing units.

(1) Calculating Existing Need

Step 1: Calculate the available vacancy ratio (a), which compares the amount of vacant available housing in 1981 with the amount of vacant available housing in 1988 for each jurisdiction. This comparison is found by creating a ratio with the difference between the natural logarithm of the available housing units (AHO) and the natural logarithm of the households (HH) for 1981 in the numerator and the difference between these same variables for 1988 in the denominator. Logarithms are used because they describe the constant rate of continuous growth rather than growth that takes place at discrete intervals. In addition, since ratios are mathematically insensitive, a power function is used to increase the sensitivity of the ratio. The exponent used in the power function — 0.9 — is called the household/housing unit production ratio because it has the effect of stating that for every new household added, 1.1 new housing units should be added to the stock ($1/1.1 = 0.9$). This is an assumption. Because the housing supply has been lagging household growth, the function is used as a means to inflate production needs. Algebraically, the numerator of the ratio is raised to the power of 0.9.

Step 2: Calculate the housing cost to income ratios (b & c), which measure the difference between the rate of increase in housing costs between 1981 and 1988 and the rate of increase in median household income over the same period. This is done in two parts — one reflecting the change in the median value of owner-occupied housing, the other reflecting the change in the median rent paid for all renter-occupied housing.

Median housing values for 1981 and 1988 are estimated by inflating the 1980 Census median housing value for each jurisdiction by an inflator obtained from the Northern California Real Estate

Research Council index for the subregion where the jurisdiction is located. There are separate indices for each of the East Bay, North Bay, San Francisco, and Peninsula subregions. Median contract rents from the 1980 Census are inflated by a regional inflator obtained from the San Francisco-Oakland-San Jose Consumer Price Index for Residential Rents. This assumes uniformity in inflationary movement of housing costs. Unfortunately, it increases the bias in the results, but this is the only data available.

Mean household incomes for 1981 and for 1988 are estimated by interpolating the projected mean household income for each jurisdiction from the 1980, 1985, and 1990 mean household income information in *Projections 87*. Since *Projections 87* data are in 1985 dollars, the 1981 estimate is deflated and the 1988 estimate is inflated by adjustment factors obtained from the Consumer Price Index for all urban consumers in the San Francisco-Oakland SMSA. These adjustments are made so the estimates are converted to current dollars, since we are trying to assess the relative increase in income expenditures for housing. Mean household income estimates are converted to median household income estimates by multiplying the 1981 mean household income estimate by the 1979-1981-mean-to-median ratio for the county where the jurisdiction is located and then dividing by the mean-to-median household income ratio for the jurisdiction reported in the 1980 Census data. This assumes that the mean-to-median relationships have changed uniformly within the county. The mean-to-median ratio data for each county is obtained from a study by ABAG using Franchise Tax Board data to assess income dispersion between 1978 and 1985. This method is repeated for the 1988 mean household income estimate except the estimate is multiplied by the 1981-1985-mean-to-median ratio for the county where the jurisdiction is located and the result is divided by the just-calculated 1981-mean-to-median ratio for the jurisdiction.

Calculations for the owner-occupied housing cost to income ratios require that the difference of the natural logarithms of the housing values for 1981 and 1988

be divided by the difference of the natural logarithms of the estimated median household income estimates for the same years, and then multiplied by the proportion of owner-occupied housing in the jurisdiction. Once again, logarithmic functions are used because they increase the sensitivity in the difference in the numerator and denominator in the ratio by measuring constant rates of continuous growth. Similarly, calculations for the renter-occupied housing cost to income ratios require that the difference of the natural logarithms of the median contract rents be divided by the difference of the natural logarithms of the estimated median household incomes and then multiplied by the proportion of renter-occupied housing in the jurisdiction.

The owner/renter proportions reported in the 1980 Census data are used. Franchise Tax Board data on the proportion of tax returns claiming renters' credits reported in each county over a ten-year period from 1976-1986 shows that the proportion of renters in each county is relatively stable. Assuming the proportion of renters in each jurisdiction also remains stable, the 1980 Census data is used.

Although the housing cost to income ratios are calculated for each jurisdiction, data representing the county was used to calculate these variables for the unincorporated parts of each county.

Step 3: Calculate the available vacancy rate (AVR), which measures the proportion of available housing that is vacant and available for renter or owner occupancy on January 1, 1988. The number of households is subtracted from the number of available housing units and the result is divided by the number of available housing units. Each jurisdiction, including the county remainders, has its own AVR.

Step 4: Calculate the optimal vacancy rate (OVR), which is based largely on the available vacancy rate, but also reflects adjustment based on a combination of the available vacancy ratio, the housing cost to income ratios, and the available vacancy rate. Also reflected in the optimal rate is a regional vacancy

goal, postulated at 4.5%, which is used as a weighting factor in adjusting each jurisdiction's available rate to its optimal rate. Where the optimal vacancy rate for a county remainder is calculated to be significantly greater than 5%, it is forced to 5% when used to calculate existing and projected housing needs. As with the AVR, each jurisdiction has its own OVR.

As the list of formulas earlier in this appendix shows, the process described above for calculating the OVR is an algebraic reduction of more complicated formulas. An explanation of the mathematical and economic theory of the optimal vacancy rate is provided at the end of this appendix.

Step 5: Calculate the existing housing need (NE), which is the number of housing units needed to increase the housing stock so that the optimal vacancy rate is achieved. If the 1988 available stock had been increased by this number of housing units, there would theoretically have been enough housing to have kept the market in a better balance between demand and supply than was the case. That is, prices and rents would have increased more in line with household incomes. Moreover, those seeking housing in the area would theoretically have had a similar range of choices in terms of the number and price range of units available in 1988 as in the 1970s. Algebraically, this calculation consists of dividing the number of households in the jurisdiction by one minus the optimal vacancy rate, and then subtracting the number of available housing units from the result. Where the calculation results in a negative number, zero is substituted.

(2) Calculating the Growth Need

The growth need (NG) is the number of units minimally needed to provide for projected household growth in the jurisdiction's sphere of influence and, at the same time, move the market toward greater balance between supply and demand. The calculation requires the estimated number of households in the jurisdiction's sphere of influence in 1988 be subtracted from the projected number of households in each

jurisdiction's sphere of influence in 1995 from *Projections 87*; the result is then divided by one minus the optimal vacancy rate for the jurisdiction. In those jurisdictions where the sphere of influence and the geographical boundaries are synonymous, HH 88 is used as the number of households in the sphere. For jurisdictions where the sphere of influence differs from current geographical boundaries, estimates for the number of households in the sphere of influence in 1988 are obtained by assuming the household growth in the city is the same as the household growth in the sphere between 1985 and 1988. The difference between the number of households in the geographical boundaries in 1985 reported by Department of Finance (DOF) and the number of households in the geographical boundaries in 1988 reported by DOF is calculated; this difference is added to the 1985 projected households for each jurisdiction reported in *Projections 87*.

(3) Calculating Housing Need Associated with Jobs/Labor Supply Imbalance

The Attorney General's opinion mentioned earlier in this appendix suggests that council of governments should consider local zoning policies other than those currently existing. ABAG staff determined that local zoning policies that call for the development of jobs without simultaneous housing development to house the labor supply necessary to fill these jobs do not provide opportunities for residents to live reasonably close to where they work. Such policies also cause housing costs to increase because they do not allow supply to keep up with demand. The housing need associated with the jobs/employed residents imbalance (NJ) is the number of housing units needed to house up to 50% of the workers who must commute from the jurisdictions where they live to the jurisdictions where they work.

The 50% target figure is an arbitrary number set as a regional goal.

The difference between the growth in the number of jobs between 1988 and 1995 for a jurisdiction and the projected growth in the number of employed residents in the same jurisdiction is considered. The projected number of jobs and employed residents for 1988 is interpolated from the projected number of jobs and employed residents reported in *Projections 87*, while the projected number of jobs and employed residents for 1995 are taken directly from the projections document. The difference between the job growth factor and the employed residents growth factor is calculated. If a significantly positive difference is calculated — 500 or greater — the community suffers from a jobs/employed residents imbalance.

Once it is determined that a community has a significant imbalance, the workers-per-household for that jurisdiction for 1995 is calculated by dividing the number of projected employed residents by the number of projected households. Dividing the difference between growth in number of employed residents and growth in number of jobs by the workers-per-household results in the number of households associated with those workers living in other jurisdictions and commuting into the jurisdiction to work. This number is multiplied by 1/2, assuming that jurisdictions should attempt to reduce these in-commuting workers by up to 50%. Once again, this is an arbitrary number established as a goal for each jurisdiction. As with other types of needs determinations, state law mandates that jurisdictions incorporate these determinations in their housing elements. While it is impossible for most jurisdictions to accommodate a goal of housing 100% of the in-commuters, it is possible for most to reach the 50% level. Additionally, a reduction of this size in the number of in-commuters would be a significant reduction in the congestion associated with current commuting patterns.

Next, the 1985 ratio of jobs to employed residents in each jurisdiction is calculated to determine whether the jurisdiction has historically been a provider of housing for residents who work elsewhere. This is done so that the additional housing needs allocated to

these communities is reduced because they have historically provided housing. If the ratio is greater than one, the number of households associated with the jobs/employed residents imbalance remains as calculated above. If the ratio is less than one, which indicates that the community has historically provided housing, the ratio is used to deflate the number of households calculated above because the jurisdiction has independently developed policies that work to reduce the jobs/employed residents imbalance. The deflation is accomplished by multiplying the ratio of 1985 jobs to employed residents by the number of households calculated above. This new calculation is the number of households now associated with the jobs/labor supply imbalance.

Table A-1 shows the affected jurisdictions, and how each contributes to meeting the housing need associated with the alternative zoning. The percentages shown for each jurisdiction should be compared to the 50% regional goal; in some cases the housing need for the alternative zoning component reflects a need to house as little as 8% of the labor supply needed to be consistent with projected employment.

Calculating the Total Projected Housing Need

The total housing need (TNP) is the sum of the existing need, the growth need, and the need associated with the jobs/labor supply imbalance.

TABLE A-1
ALTERNATIVE ZONING AND VARYING GOALS TO HOUSE INCOMMUTERS

JURISDICTION	HOUSING NEED ASSOCIATED WITH ALTERNATIVE ZONING	PERCENT GOAL OF NET INCOMMUTERS TO HOUSE
ALAMEDA	441	44%
BERKELEY	1,142	50%
FREMONT	496	26%
LIVERMORE	582	37%
NEWARK	1,019	37%
OAKLAND	2,136	50%
PLEASANTON	1,194	32%
CONCORD	840	37%
EL CERRITO	101	21%
PLEASANT HILL	779	42%
SAN RAMON	602	37%
WALNUT CREEK	1,509	50%
LARKSPUR	202	50%
NOVATO	814	31%
SAN RAFAEL	334	50%
AMERICAN CANYON	73	8%
NAPA CO. REM.	124	35%
SAN FRANCISCO	12,311	50%
BELMONT	200	38%
BRISBANE	451	50%
BURLINGAME	376	50%
EAST PALO ALTO	39	8%
FOSTER CITY	206	21%
MENLO PARK	1,041	50%
REDWOOD CITY	1,309	43%
SAN BRUNO	761	28%
SAN CARLOS	209	50%
SAN MATEO	949	48%
S. SAN FRANCISCO	769	50%
CAMPBELL	470	50%
CUPERTINO	1,343	50%
GILROY	1,242	49%
MILPITAS	2,972	50%
MORGAN HILL	181	31%
MOUNTAIN VIEW	1,042	50%
SAN JOSE	6,061	36%
SANTA CLARA	1,981	50%
SUNNYVALE	417	50%
ROHNERT PARK	274	25%
SANTA ROSA	761	50%

Theoretical Explanation of the Optimal Vacancy Rate

After calculating the three ratios (a), (b), and (c), they are summed in the following manner:

$$fu = \frac{a+(b+c)}{20} - .1$$

Ratios (b) plus (c), combined, are given equal weight to ratio (a) in the formulas. Thus, if they sum to a value to 2, then the existing available vacancy rate would be the optimal rate and the existing need would be 0. Also, a floor constraint is set, such that (a) ≥ 1.0 and (b) plus (c) ≥ 1.0 . This implies that the optimal rate cannot be less than the available vacancy rate, and there cannot be a “negative housing need.” The larger the variance (fu) from zero, the greater the implied disequilibrium with respect to excess demand over supply.

After calculating the variance factor, a weight is applied to adjust for a Regional Vacancy Goal ratio. This ratio is used to adjust the difference between a jurisdiction’s vacancy rate and the regional vacancy goal of 4.5% for all housing. The reciprocal of the ratio (jurisdiction vacancy rate/Regional Vacancy Goal) is a multiplier which is applied to the variance factor (fu) to calculate a weighted variance factor (fw). The multiplier is used to minimize any potential bias against jurisdictions that may have high initial vacancy rates. Generally, these jurisdictions are older and have a higher proportion of units that are substandard. Since substandard units do not generally turn over as fast, they create artificially higher vacancy rates that do not reflect actual demand in a jurisdiction for adequate housing.

Next, a coefficient of shortfall is calculated. This coefficient represents the deficiency by which the existing vacancy rate must be adjusted in order to obtain the optimal vacancy rate. If the local market is near equilibrium, then the variance approaches 0.0.

A shortfall coefficient of 1.0 equals the existing vacancy rate, and the existing need would be zero. That is,

$$\frac{1}{1 + 0} = 1.0$$

After calculating this coefficient, it is used to raise the existing rate to an optimal level by use of a power function. A power function (y^x) is used where: y =calculated vacancy rate and x =the short-fall coefficient. This function is used because it suggests a relationship that best measures severity of the housing short-fall and is not linear, but increases the upward movement of the optimal vacancy rate at an increasing rate as the coefficient of shortfall diverges from 1.0. As a measure of elasticity, for every 0.01 decline in the severity coefficient there is an approximate 4% decline in the available vacancy rate needed to move the market near equilibrium. Now, assume that the available vacancy rate in a community is .038 or 3.8% of the available housing stock. If the available rate is raised to the power of the shortfall coefficient ($0.038^{.8704}$), the optimal vacancy rate should be closer to 5.8% than to 3.8%. The difference between the two numbers implies a housing production shortfall.

San Francisco Bay Area Housing Needs Determinations

Appendix B. Model Resolution

A local government may use this resolution to revise their share of the regional housing need.

ABAG requests revisions, if any, be made, effective December 13, 1988.

Local Government Revision of Housing Needs Determinations

WHEREAS, the Association of Bay Area governments is the council of governments (hereinafter “ABAG”) under the Joint Exercise of Powers Act for the San Francisco Bay Area; and

WHEREAS, each council of governments is required by Section 65584 of the Government Code, as added by Chapter 1143, Statutes of 1980 (hereinafter “Section 65584”), to determine the existing and projected housing needs for its region; and

WHEREAS, each council of governments is further required to determine each city’s and county’s share of the regional housing needs; and

WHEREAS, ABAG’s staff has prepared and circulated, for public review and comment, a draft *Housing Needs Determinations* report meeting the requirements of Section 65584; and

WHEREAS, on September 15, 1988, ABAG’s Executive Board considered the proposed *Housing Needs Determinations* report and comments thereon; and

WHEREAS, the ABAG Executive Board found such report includes consideration of all factors listed in Section 65584 in proposing the initial determination of regional housing needs; and

WHEREAS, the *Housing Needs Determinations* report was approved by the ABAG Executive Board for the purpose of beginning the official review and revision of the determinations contained therein; and

WHEREAS, ABAG’s staff have worked with the staff of the (name of jurisdiction) to ensure that the most complete and reliable information has been used in

the determination of housing needs for this jurisdiction; and

WHEREAS, the (name of jurisdiction) desires to revise its share of the regional housing need based on available data and accepted planning methodology in accordance with the requirements of Section 65584;

NOW THEREFORE BE IT

RESOLVED, that, pursuant to Section 65584, the (name of jurisdiction) revises its share of the regional housing need, as contained in the September, 15, 1988, *Housing Needs Determinations* report published by ABAG; and be it further

RESOLVED, that this revision is made effective December 13, 1988; and be it further

RESOLVED, that the revision, and the data and methodology used to support such revision, is described in the attached report; and be it further

RESOLVED, that the ABAG Executive Board is requested to act on such revision in accordance with the requirements of Section 65584; and be it further

RESOLVED, that a copy of this resolution and the attached report be transmitted to the Executive Director of the Association of Bay Area Governments.

Appendix C. Analysis of Overpaying

According to State law, a lower-income household that pays more than 25% of its income for housing is living in unaffordable housing. The household is “overpaying” for housing. California’s definition of “overpaying” is more sensitive to questions of affordability than the federal government’s. The federal threshold to measure overpaying is 30%. Customarily, household incomes are divided into four categories: very low-, low-, moderate-, and above moderate-income. Each category corresponds to a proportion of the region’s household income distribution. The lower-income distinction includes both the very low- and low-income categories, and represents households with incomes up to 80% of the regional median household income. The 1980 Census reports a regional median household income in 1979 of \$20,607, so lower-income households are those with an income of \$16,486 or less. As part of the analysis of existing housing needs, it is useful to highlight the proportions of lower-income renter households and owner households that overpay for housing.

The 1980 Census shows the total number of renter households and the total number of owner households. Dividing the number of lower-income renter households by the total number of renter households yields the proportion of lower-income renter households to all renter households. A similar process yields the proportion of lower-income owner households to all owner households. These proportions multiplied by the total number of renter households and the total number of owner households results in the number of lower-income renter households and the number of lower-income owner households in each jurisdiction.

The next step involves calculating the number of lower-income households which pay more than 25% of their income for housing. The Census data are

divided into categories according to the percentage of household income paid for housing. Therefore, this step simply means that the number of lower-income households paying more than 25% of their income for housing are added together. The data are separated into income groupings of \$4,999 for the bottom portion of the income distribution. Therefore, the number of households paying more than 25% of household income for housing with household income between \$15,000 and \$16,486 must be estimated. Assuming the number of households in the \$15,000-19,999 range are evenly distributed, the difference between \$19,999 and \$16,486 is calculated. This difference divided by 4,999 yields the proportion of the \$15,000-19,999 range between \$15,000 and \$16,486. This proportion multiplied by the number of households falling in the \$15,000-19,999 range results in an estimate of the number of households in the \$15,000-\$16,486 range.

After the number of lower-income renter households paying more than 25% of their income for housing is calculated, it is divided by the number of lower-income renter households in each jurisdiction. This calculation shows the proportion of lower-income renter households overpaying for housing in each jurisdiction. Similarly, the number of lower-income owner households paying more than 25% of their income for housing is divided by the number of lower-income owner households in each jurisdiction to obtain the proportion of lower-income owners overpaying for housing.

The method described above assumes that the households in the Census category where the proportion of housing cost to income is not computed in the Census data are not overpaying for housing.

Tables C-1 through C-8 show the proportions of lower-income households overpaying for housing in each jurisdiction. A noteworthy but not surprising result is that, in a majority of the jurisdictions, there are greater proportions of lower-income renter households overpaying for housing than lower-income owners.

**TABLE C-1
OVERPAYING - ALAMEDA COUNTY AND CITIES**

CITY	# OF LOW INCOME HOUSEHOLDS OWNING	# OF LOW INCOME HOUSEHOLDS RENTING	# OF LOW INCOME HH OVERPAYING (OWNERS)	# OF LOW INCOME HH OVERPAYING (RENTERS)	PROPORTION OF LOW INC OWNERS OVERPAYING	PROPORTION OF LOW INC RENTERS OVERPAYING
ALAMEDA	3,163	8,741	973	5,890	0.31	0.67
ALBANY	1,380	2,164	372	1,345	0.27	0.62
BERKELEY	5,234	20,309	2,007	14,731	0.38	0.73
DUBLIN	420	361	266	266	0.63	0.74
EMERYVILLE	496	751	42	458	0.08	0.61
FREMONT	4,073	7,215	2,019	5,739	0.50	0.80
HAYWARD	4,734	8,460	1,734	6,232	0.37	0.74
LIVERMORE	1,849	2,291	1,042	1,693	0.56	0.74
NEWARK	1,069	920	572	720	0.54	0.78
OAKLAND	22,498	58,213	8,061	39,216	0.36	0.67
PIEDMONT	579	147	245	85	0.42	0.58
PLEASANTON	1,041	1,323	569	990	0.55	0.75
SAN LEANDRO	5,256	5,842	1,285	4,209	0.24	0.72
UNION CITY	1,341	1,701	582	1,176	0.43	0.69

**TABLE C-2
OVERPAYING - CONTRA COSTA COUNTY AND CITIES**

CITY	# OF LOW INCOME HOUSEHOLDS OWNING	# OF LOW INCOME HOUSEHOLDS RENTING	# OF LOW INCOME HH OVERPAYING (OWNERS)	# OF LOW INCOME HH OVERPAYING (RENTERS)	PROPORTION OF LOW INC OWNERS OVERPAYING	PROPORTION OF LOW INC RENTERS OVERPAYING
ANTIOCH	2,283	3,219	1,003	2,212	0.44	0.69
BRENTWOOD	366	460	113	269	0.31	0.58
CLAYTON	111	28	43	18	0.39	0.64
CONCORD	4,475	7,885	2,054	6,166	0.46	0.78
DANVILLE	590	342	328	295	0.56	0.86
EL CERRITO	1,793	1,758	589	1,258	0.33	0.72
HERCULES	113	36	65	32	0.58	0.89
LAFAYETTE	683	1,064	336	813	0.49	0.76
MARTINEZ	1,072	1,677	385	1,131	0.36	0.67
MORAGA	234	340	131	286	0.56	0.84
ORINDA	542	118	274	92	0.51	0.78
PINOLE	638	561	371	457	0.58	0.81
PITTSBURG	2,253	2,289	1,004	1,523	0.45	0.67
PLEASANT HILL	1,188	2,029	560	1,602	0.47	0.79
RICHMOND	6,299	8,489	2,588	5,332	0.41	0.63
SAN PABLO	1,631	3,054	501	2,119	0.31	0.69
SAN RAMON	491	294	266	229	0.54	0.78
WALNUT CREEK	2,020	3,924	712	3,268	0.35	0.83

**TABLE C-3
OVERPAYING - MARIN COUNTY AND CITIES**

CITY	# OF LOW INCOME HOUSEHOLDS OWNING	# OF LOW INCOME HOUSEHOLDS RENTING	# OF LOW INCOME HH OVERPAYING (OWNERS)	# OF LOW INCOME HH OVERPAYING (RENTERS)	PROPORTION OF LOW INC OWNERS OVERPAYING	PROPORTION OF LOW INC RENTERS OVERPAYING
BELVEDERE	72	98	49	70	0.68	0.71
CORTE MADERA	421	444	209	349	0.50	0.79
FAIRFAX	543	824	235	675	0.43	0.82
LARKSPUR	412	1,229	189	1,009	0.46	0.82
MILL VALLEY	721	1,029	284	825	0.39	0.80
NOVATO	1,410	3,047	646	2,186	0.46	0.72
ROSS	60	104	18	72	0.30	0.69
SAN ANSELMO	987	979	361	780	0.37	0.80
SAN RAFAEL	1,613	5,207	665	4,148	0.41	0.80
SAUSALITO	270	946	89	814	0.33	0.86
TIBURON	263	279	115	212	0.44	0.76

**TABLE C-4
OVERPAYING - NAPA COUNTY & CITIES AND
CITY & COUNTY OF SAN FRANCISCO**

CITY	# OF LOW INCOME HOUSEHOLDS OWNING	# OF LOW INCOME HOUSEHOLDS RENTING	# OF LOW INCOME HH OVERPAYING (OWNERS)	# OF LOW INCOME HH OVERPAYING (RENTERS)	PROPORTION OF LOW INC OWNERS OVERPAYING	PROPORTION OF LOW INC RENTERS OVERPAYING
CALISTOGA	589	554	131	375	0.22	0.68
NAPA	3,266	4,722	1,310	3,567	0.40	0.76
ST. HELENA	404	674	100	379	0.25	0.56
YOUNTVILLE	210	169	21	119	0.10	0.70
SAN FRANCISCO	32,252	122,865	9,609	85,004	0.30	0.69

**TABLE C-5
OVERPAYING - SAN MATEO COUNTY AND CITIES**

CITY	# OF LOW INCOME HOUSEHOLDS OWNING	# OF LOW INCOME HOUSEHOLDS RENTING	# OF LOW INCOME HH OVERPAYING (OWNERS)	# OF LOW INCOME HH OVERPAYING (RENTERS)	PROPORTION OF LOW INC OWNERS OVERPAYING	PROPORTION OF LOW INC RENTERS OVERPAYING
ATHERTON	228	31	149	18	0.65	0.58
BELMONT	743	1,759	345	1,437	0.46	0.82
BRISBANE	274	306	90	191	0.33	0.62
BURLINGAME	1,388	3,417	507	2,654	0.37	0.78
COLMA	9	44	7	30	0.78	0.68
DALY CITY	3,623	6,000	1,512	4,489	0.42	0.75
EAST PALO ALTO	1,281	2,495	636	1,899	0.50	0.76
FOSTER CITY	481	1,149	280	992	0.58	0.86
HALF MOON BAY	360	378	181	237	0.50	0.63
HILLSBOROUGH	261	59	166	9	0.64	0.15
MENLO PARK	1,343	2,623	506	2,085	0.38	0.79
MILLBRAE	975	1,177	355	935	0.36	0.79
PACIFICA	1,558	2,040	829	1,558	0.53	0.76
PORTOLA VALLEY	69	46	42	17	0.61	0.37
REDWOOD CITY	2,564	6,711	928	5,121	0.36	0.76
SAN BRUNO	1,792	2,565	662	1,934	0.37	0.75
SAN CARLOS	1,508	1,382	611	1,110	0.41	0.80
SAN MATEO	3,747	7,594	1,377	5,972	0.37	0.79
S. SAN FRANCISCO	2,412	3,351	871	2,399	0.36	0.72
WOODSIDE	177	77	53	23	0.30	0.30

**TABLE C-6
OVERPAYING - SANTA CLARA COUNTY AND CITIES**

CITY	# OF LOW INCOME HOUSEHOLDS OWNING	# OF LOW INCOME HOUSEHOLDS RENTING	# OF LOW INCOME HH OVERPAYING (OWNERS)	# OF LOW INCOME HH OVERPAYING (RENTERS)	PROPORTION OF LOW INC OWNERS OVERPAYING	PROPORTION OF LOW INC RENTERS OVERPAYING
CAMPBELL	1,037	3,618	339	2,864	0.33	0.79
CUPERTINO	842	1,575	425	1,319	0.50	0.84
GILROY	948	1,848	382	1,263	0.40	0.68
LOS ALTOS	866	486	401	367	0.46	0.76
LOS ALTOS HILLS	172	73	111	57	0.65	0.78
LOS GATOS	1,063	1,869	408	1,510	0.38	0.81
MILPITAS	1,141	1,465	605	1,157	0.53	0.79
MONTE SERENO	155	25	80	20	0.52	0.80
MORGAN HILL	479	959	251	755	0.52	0.79
MOUNTAIN VIEW	1,891	8,291	510	6,445	0.27	0.78
PALO ALTO	2,165	4,948	717	3,646	0.33	0.74
SAN JOSE	22,126	45,282	10,156	33,967	0.46	0.75
SANTA CLARA	3,228	8,592	1,110	6,685	0.34	0.78
SARATOGA	834	509	420	327	0.50	0.64
SUNNYVALE	3,282	9,052	1,168	7,109	0.36	0.79

**TABLE C-7
OVERPAYING - SOLANO COUNTY AND CITIES**

CITY	# OF LOW INCOME HOUSEHOLDS OWNING	# OF LOW INCOME HOUSEHOLDS RENTING	# OF LOW INCOME HH OVERPAYING (OWNERS)	# OF LOW INCOME HH OVERPAYING (RENTERS)	PROPORTION OF LOW INC OWNERS OVERPAYING	PROPORTION OF LOW INC RENTERS OVERPAYING
BENICIA	810	1,052	265	714	0.33	0.68
DIXON	481	468	214	317	0.44	0.68
FAIRFIELD	2,341	5,842	1,109	3,289	0.47	0.56
RIO VISTA	246	282	79	154	0.32	0.55
SUISUN CITY	340	793	252	549	0.74	0.69
VACAVILLE	2,167	2,900	969	2,094	0.45	0.72
VALLEJO	5,844	7,309	2,294	4,469	0.39	0.61

**TABLE C-8
OVERPAYING - SONOMA COUNTY AND CITIES**

CITY	# OF LOW INCOME HOUSEHOLDS OWNING	# OF LOW INCOME HOUSEHOLDS RENTING	# OF LOW INCOME HH OVERPAYING (OWNERS)	# OF LOW INCOME HH OVERPAYING (RENTERS)	PROPORTION OF LOW INC OWNERS OVERPAYING	PROPORTION OF LOW INC RENTERS OVERPAYING
CLOVERDALE	378	322	112	141	0.30	0.44
COTATI	150	547	52	419	0.35	0.77
HEALDSBURG	661	711	200	483	0.30	0.68
PETALUMA	1,984	2,313	840	1,757	0.42	0.76
ROHNERT PARK	1,165	1,993	567	1,617	0.49	0.81
SANTA ROSA	6,017	9,227	2,197	6,921	0.37	0.75
SEBASTOPOL	499	773	144	594	0.29	0.77
SONOMA	695	601	199	473	0.29	0.79

San Francisco Bay Area Housing Needs Determinations

Appendix D. Attorney General's Opinion No. 87-206

The Attorney General's opinion is reproduced completely on the following pages.

Opinion No. 87-206—September 29, 1987

SUBJECT: REGIONAL HOUSING NEEDS—Analysis of a city's or county's share of regional housing needs as determined by a council of governments and set forth in its general plan.

Requested by: MEMBER, CALIFORNIA STATE SENATE

Opinion by: JOHN K. VAN DE KAMP, Attorney General
Rodney O. Lilyquist, Deputy

The Honorable David Roberti, Member, California State Senate, has requested an opinion on the following questions concerning the determination of a locality's share of the regional housing needs by a council of governments:

1. Must the determination include both the existing and projected housing needs of the locality?
2. Must the availability of suitable housing sites be considered based upon the existing zoning ordinances and land use restrictions of the locality or based upon the potential for increased residential development under alternative zoning ordinances and land use restrictions?
3. Must the income categories of sections 6910–6932 of title 25 of the California Administrative Code be used?

CONCLUSIONS

1. The determination of a locality's share of the regional housing needs by a council of governments must include both the existing and projected housing needs of the locality.
2. The availability of suitable housing sites must be considered based not only upon the existing zoning ordinances and land use restrictions of the locality but also based upon the potential for increased residential development under alternative zoning ordinances and land use restrictions.
3. The income categories of sections 6910–6932 of title 25 of the California Administrative Code must be used.

ANALYSIS

The three questions presented for analysis concern a city's or county's share of regional housing needs as determined by a council of governments and set forth in its general plan. In analyzing these questions we preliminarily note that every city and county operates under a comprehensive and long-term general plan to guide its future physical development. (Gov. Code, § 65300; Buena Vista Garden Apartments Assn. v. City of San Diego Planning Dept. (1985) 175 Cal. App. 3d 289, 294.)¹ "The general plan is atop the hierarchy of local government law regulating land use."

¹ All section references hereafter to the Government Code are by section number only.

(*Neighborhood Action Group v. County of Calaveras* (1984) 156 Cal. App. 3d 1176, 1183.) Section 65300 states:

"Each planning agency shall prepare and the legislative body of each county and city shall adopt a comprehensive, long-term general plan for the physical development of the county or city, and of any land outside its boundaries which in the planning agency's judgment bears relation to its planning. Chartered cities shall adopt general plans which contain the mandatory elements specified in Section 65302."

Section 65302 provides:

"The general plan shall consist of a statement of development policies and shall include a diagram or diagrams and text setting forth objectives, principles, standards, and plan proposals. The plan shall include the following elements:

" "

"(c) A housing element as provided in Article 10.6 (commencing with Section 65580).

" "

The "housing element as provided in Article 10.6" (§§ 65580–65589.8) must meet detailed requirements. Section 65583 provides:

"The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, and scheduled programs for the preservation, improvement, and development of housing. The housing element shall identify adequate sites for housing, including rental housing, factory-built housing, and mobilehomes, and shall make adequate provision for the existing and projected needs of all economic segments of the community. The element shall contain all of the following:

"(a) An assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs. The assessment and inventory shall include the following:

"(1) Analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected housing needs for all income levels. These existing and projected needs shall include the locality's share of the regional housing need in accordance with Section 65584.

" "

Section 65584 states:

"(a) For purposes of subdivision (a) of Section 65583, a locality's share of the regional housing needs includes that share of the housing need of persons at all income levels within the area significantly affected by a

jurisdiction's general plan. The distribution of regional housing needs shall, based upon available data, take into consideration market demand for housing, employment opportunities, the availability of suitable sites and public facilities, commuting patterns, type and tenure of housing need, and the housing needs of farmworkers. The distribution shall seek to avoid further impaction of localities with relatively high proportions of lower income households. Based upon data provided by the Department of Finance, in consultation with each council of government, the Department of Housing and Community Development shall determine the regional share of the statewide housing need at least two years prior to the second revision, and all subsequent revisions as required pursuant to Section 65588. Based upon data provided by the Department of Housing and Community Development relative to the statewide need for housing, each council of governments shall determine the existing and projected housing need for its region. Within 30 days following notification of this determination, the Department of Housing and Community Development shall ensure that this determination is consistent with the statewide housing need and may revise the determination of the council of governments if necessary to obtain this consistency. Each locality's share shall be determined by the appropriate council of governments consistent with the criteria above with the advice of the department subject to the procedure established pursuant to subdivision (c) at least one year prior to the second revision, and at five-year intervals following the second revision pursuant to Section 65588.

"(b) For areas with no council of governments, the Department of Housing and Community Development shall determine housing market areas and define the regional housing need for localities within these areas. Where the department determines that a local government possesses the capability and resources and has agreed to accept the responsibility, with respect to its jurisdiction, for the identification and determination of housing market areas and regional housing needs, the department shall delegate this responsibility to the local governments within these areas.

" "

Section 65584 gives the Department of Housing and Community Development ("Department") various responsibilities including the duty to define the regional housing need for localities² in areas not covered by a council of governments, unless it has delegated such authority to a local government. For cities and counties located in areas served by a council of governments, the council performs this function.

Section 65584 requires the Department or a council to act when a housing element of a city or county is revised "pursuant to Section 65588." The latter statute designates various dates for housing element revisions, including for areas covered by specified councils of governments:

² Throughout the statutory scheme "locality" is used interchangeably with "community," "local government," and "jurisdiction" and means either the city or the county (or San Francisco which is a city and county). (§ 65582, subd. (a).)

“(1) Local governments within the regional jurisdiction of the Southern California Association of Governments: July 1, 1984, for the first revision and July 1, 1989, for the second revision.

“(2) Local governments within the regional jurisdiction of the Association of Bay Area Governments: January 1, 1985, for the first revision, and July 1, 1990, for the second revision.

“(3) Local governments within the regional jurisdiction of the San Diego Association of Governments, the Council of Fresno County Governments, the Kern County Council of Governments, the Sacramento Council of Governments, and the Association of Monterey Bay Area Governments: July 1, 1985, for the first revision, and July 1, 1991, for the second revision.”

Thereafter a housing element revision is required “not less than every five years.” (§ 65588, subd. (b).)

The focus of the three inquiries is directed at both sections 65583 and 65584. Several well-recognized principles of statutory construction aid our analysis of these legislative enactments. In construing statutory language, we are to “ascertain the intent of the Legislature so as to effectuate the purpose of the law.” (*Select Base Materials v. Board of Equal.* (1959) 51 Cal. 2d 640, 645; *accord* *People v. Davis* (1981) 29 Cal. 3d 814, 828.) “In determining such intent, the court ‘turns first to the words themselves for the answer’ [citations].” (*People v. Craft* (1986) 41 Cal. 3d 554, 560.) The words are to be given “their ordinary and generally accepted meaning.” (*People v. Castro* (1985) 38 Cal. 3d 301, 310.) Moreover, “legislation should be construed so as to harmonize its various elements without doing violence to its language or spirit.” (*Wells v. Marina City Properties, Inc.* (1981) 29 Cal. 3d 781, 788.) “Wherever reasonable, interpretations which produce internal harmony, avoid redundancy and accord significance to every word and phrase are preferred.” (*Pacific Legal Foundation v. Unemployment Ins. Appeals Bd.* (1981) 29 Cal. 3d 101, 114.) “Interpretive constructions which render some words surplusage, defy common sense, or lead to mischief or absurdity, are to be avoided.” (*California Mfrs. Assn. v. Public Utilities Com.* (1979) 24 Cal. 3d 836, 844.)

1. Existing and Projected Housing Needs

The first question posed is whether the council’s determination of a locality’s share is to include both the existing and projected³ housing needs of the locality. We conclude that it does.

Section 65584 directs a council to “determine the existing and projected housing need for its region.” The purpose of such determination is to calculate and apportion shares of this need to all cities and counties in the region. “Each locality’s share shall be determined by the appropriate council of governments.” (§ 65584, subd. (a).)

Two components thus comprise the regional housing need: the existing housing need and the projected housing need. When shares of the regional housing need are

³ A locality’s “projected” housing needs would be those for the next five-year period. (See § 65583, subds. (b), (c).)

apportioned to the communities in the area, each share contains both components. No provision of the statute remotely suggests that one of the necessary components is to be omitted when apportioning shares.

Such construction of section 65584 is supported by the language of section 65583. As previously quoted, the latter statute requires that the housing element of a city or county contain "a quantification of the locality's existing and projected housing needs for all income levels." It then provides: "These existing and projected needs shall include the locality's share of the regional housing need in accordance with Section 65584." Hence the reference in section 65583 to "existing and projected housing needs" in conjunction with "the locality's share of the regional housing need" clearly indicates that the latter incorporates both components.

One of the purposes of the legislation governing housing elements is "[t]o ensure that each local government cooperates with other local governments in order to address regional housing needs." (§ 65581, subd. (d).) Regional housing needs include both existing and projected needs. (§ 65584, subd. (a).) Both components are "addressed" by apportioning shares thereof to each community in the region. By so construing section 65584, we give each of its provisions meaning and carry out the apparent intent of the Legislature.

In answer to the first question, therefore, we conclude that the determination of a locality's share of the regional housing needs by a council of governments must include both the existing and projected housing needs of the locality.

2. Current Zoning Ordinances

The second question concerns whether in making its determination of a locality's share of the regional housing needs, a council of governments is to consider the availability of suitable housing sites based upon the existing zoning ordinances and land use restrictions of the locality or upon alternative zoning ordinances and land use restrictions that would allow the potential for increased residential development. We conclude both existing and alternative zoning ordinances and land use restrictions must be considered.

The council of governments is directed to determine a locality's share of the regional housing needs based upon the following criteria:

"The market demand for housing, employment opportunities; the availability of suitable sites and public facilities, commuting patterns, type and tenure of housing need, and the housing needs of farmworkers [and the avoidance of] further impactation of localities with relatively high proportions of lower income households." (§ 65584, subd. (a).)

We find no indication in section 65584 that current zoning ordinances and land use restrictions are to limit the factor of "the availability of suitable sites." A housing site would be unsuitable based upon its physical characteristics, not because of some governmental control of an artificial and external nature. The planning process of sections 65583 and 65584 contemplates an identification of adequate sites that *could* be made available through different policies and development standards. Existing zoning policies would be only one aspect of the "available data" upon which the factor

of "the availability of suitable sites" is to be considered under section 65584. To argue that this part of the general plan is required to conform to existing zoning practices would be anomalous and circuitous, since section 65860 requires the zoning ordinances of a locality to be consistent with its general plan. Subdivision (d) of section 65584 emphasizes this fact by expressly providing that a local government's share of the regional housing need is not subject to reduction, except in one narrow circumstance, by:

" . . . any ordinance, policy, or standard of a city, county, or city and county which directly limits, by number, the building permits which may be issued for residential construction, or which limits for a set period of time the number of buildable lots which may be developed for residential purposes."

Our construction of section 65584 is consistent with the goals of the statutory scheme as a whole (§§ 65580–65589.8) and the particular requirements specified for housing elements (§ 65583). The legislation has as its primary purpose "to expand housing opportunities and accommodate the housing needs of Californians of all economic levels." (§ 65580, subd. (b).) Cities and counties are directed to "recognize their responsibilities in contributing to the attainment of the state housing goal." (§ 65580, subd. (a).) Each local government is "to cooperate with other local governments and the state in addressing regional housing needs." (§ 65580, subd. (e).) Allowing a city or county to prevent being allocated a share of the regional housing needs through restricted zoning ordinances would be contrary to the manifest intent of the Legislature.⁴

The housing element of a local government must specifically include:

"An inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites." (§ 65583, subd. (a)(3).)

It is the "relationship" of current zoning ordinances that must be considered with respect to suitable housing sites. No hint of *limitation* may be found in the use of the term "relationship." Section 65583 also requires that a housing element include a five-year program that will:

"Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels. . . ." (§ 65583, subd. (c)(1).)

Such language unmistakably contemplates that zoning ordinances and land use restrictions may require modification during the five-year period to accommodate a locality's projected housing needs. Consistent with this interpretation is the requirement that the five-year program:

"Address and, where appropriate and legally possible, remove

⁴ The only authorized exception is a locality's "moratorium on residential construction for a set period of time in order to preserve and protect the public health and safety." (§ 65584, subd. (d)(2).)

governmental constraints to the maintenance, improvement, and development of housing." (§ 65583, subd. (c)(3).)

These "governmental constraints" must be analyzed in detail in the housing element; the element must contain:

"Analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures." (§ 65583, subd. (a)(4).)

In sum, a local government must provide in its housing element for the existing and projected housing needs of all economic segments of the community. (§ 65583.) In doing so, it is required to identify suitable housing sites. (§ 65583, subd. (a)(3).) The city or county must identify those sites "which will be made available through appropriate zoning and development standards" during the ensuing five-year period. (§65583, subd. (c)(1).) It must "undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land use and development controls." (§ 65583, subd. (c).) The required consideration and evaluation of zoning changes necessary to meet the identified needs of the community would be precluded by allowing existing zoning limitations to define what housing sites are "suitable."

A council of governments thus would not be able to perform the task mandated for it without consideration of land uses that are possible despite existing zoning restrictions. The "suitable sites" factor to be considered by a council pursuant to section 65584 must be read in conjunction with the phrase "land suitable for residential development" of section 65583 that requires consideration of zoning limitations but is not limited to lands presently zoned for such development.

In answer to the second question, therefore, we conclude that a council of governments must consider the availability of suitable housing sites based not only upon the existing zoning ordinances and land use restrictions of the locality but also based upon the potential for increased residential development under alternative zoning ordinances and land use restrictions when determining a locality's share of the regional housing needs.

3. Calculation of Income Levels

The third question presented is whether a council of governments is required to follow the regulations (Cal. Admin. Code, tit. 25, §§ 6910–6932) of the Department defining income categories when determining a locality's share of the regional housing needs. We conclude that it must.

Regulation 6926 states in part:

"'Very low income households' means persons and families whose gross incomes do not exceed the qualifying limits for very low income families established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. The qualifying limits are set forth in

Section 6932. These limits are equivalent to 50 percent of the area median income, adjusted for family size by the United States Department of Housing and Urban Development." (Cal. Admin. Code, tit. 25, § 6926, subd.(a).)

Regulation 6928 provides in part:

" 'Lower income households' means persons and families whose gross incomes do not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. The qualifying limits are set forth in Section 6932. These limits are equivalent to 80 percent of the area median income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development." (Cal. Admin. Code, tit. 25, § 6928; subd. (a).)

Regulation 6930 states in part:

" 'Moderate income households' means persons and families who are not 'lower income households' and whose gross incomes do not exceed 120 percent of the area median income adjusted for family size in accordance with adjustment factors adopted by the United States Department of Housing and Urban Development in establishing income limits for lower income families. For purposes of this subchapter, the income limits are set forth in Section 6932." (Cal. Admin. Code, tit. 25, § 6930, subd. (a).)

These regulations are authorized by and are consistent with Health and Safety Code sections 50079.5 (lower income households), 50093 (moderate income households), and 50105 (very low income households).

A council of governments must determine a locality's share of the regional housing needs "of persons at all income levels within the area." (§ 65584, subd.(a).) This determination is to be "[b]ased upon data provided by the Department." (*Ibid.*) It is the Department that assesses the state housing needs upon which the regional housing needs are calculated. The Department is also required to revise any determination of regional housing needs made by a council that is inconsistent with the state housing needs. (*Ibid.*) The Department follows state law (Health & Saf. Code, §§ 50079.5, 50093, 50105; Cal. Admin. Code, tit. 25, §§ 6910–6932) in categorizing income levels for its calculations and the data provided to the councils. For a council to "base" its determinations upon the Department's data, we believe that it is directed to use the income categories selected by the Department. No other definitions of moderate income, lower income, or very low income may be found in state law governing this issue.

We note also that the Legislature has specifically referred to "persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code" when mandating the review and revision of housing elements. (§ 65588, subd.(d).)

Requiring a council of governments to follow the income classifications established by the Legislature and Department provides consistency between sections

65584 and 65588. Such interpretation of the terms of section 65584 facilitates the administration of the state housing laws. Allowing each council of governments, on the other hand, to create its own income classifications would be impractical and would defeat the purpose of meeting the state housing needs in a consistent and effective manner. Uniformity of classification allows the local governments "to cooperate with other local governments and the state in addressing regional housing needs." (§ 65580, subd. (e).)

In answer to the third question, therefore, we conclude that the income categories of sections 6910–6932 of title 25 of the California Administrative Code must be used by a council of governments when determining a locality's share of the regional housing needs.

San Francisco Bay Area Housing Needs Determinations

Appendix E. References

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San Francisco Bay Area Housing Needs Determinations

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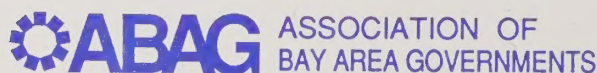
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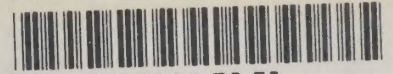
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